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No.

In the Supreme Court of the United States

THOMAS A. MILLER, DARREL C. PINKSTON, and MILLER VENEERS, INC.

Petitioners

v.

ROBERT D. BRAND, CAPITAL MACHINE CO., INC., and INDIANA FORGE, LLC,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Decisions of the Board of Patent Appeals and Interferences are informal proceedings within the meaning of the Administrative Procedures Act. Accordingly, did the Federal Circuit err by reviewing the decision of the Board under its "substantial evidence" standard rather than under the "arbitrary and capricious" standard employed by other circuits in similar situations?

2. Whether the Court should allow the Federal Circuit to ignore *KSR v. Teleflex*, 127 S. Ct. 1727 (2007), by establishing a rigid rule forbidding Administrative Patent Judges in the Patent and Trademark Office from using their common sense in deciding whether a reference, alone or in combination, makes a claim obvious?

PARTIES TO THE PROCEEDINGS

In addition to the parties named in the caption, the following parties are respondents in this proceeding:

None

The following parties are affiliated with petitioners in this proceeding:

None

There is no parent corporation or publicly held corporation that has a 10% or greater ownership interest in Miller Veneers, Inc.

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PETITION FOR CERTIORARI

Petitioners Thomas A. Miller, Darrel C. Pinkston, and Miller Veneers, Inc. ("Miller") respectfully seek a writ of certiorari to the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The opinion of the court of appeals is reported at *Brand v. Miller*, 487 F.3d 862 (Fed. Cir. 2007). App. 1-17. The decision by the Federal Circuit denying rehearing was not reported. App. 113-114. The opinion by the Board of Patent Appeals and Interferences ("the Board") was not reported. App. 18-97. Its decision denying rehearing also was not reported. App. 98-112.

JURISDICTION

The judgment of the court of appeals was entered on May 14, 2007. App. 1. The judgment of the court of appeals denying rehearing was entered on June 8, 2007. App. 113-114. The jurisdiction of the Court is invoked under 28 U.S.C. § 1254(1). The jurisdiction of the Federal Circuit was invoked under 28 U.S.C. § 1295(a)(4)(A).

STATUTORY PROVISION INVOLVED

5 U.S.C. § 706 states:

> Scope of review
>
> To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law,

interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The reviewing court shall--

(1) compel agency action unlawfully withheld or unreasonably delayed; and

(2) hold unlawful and set aside agency action, findings, and conclusions found to be--

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

(B) contrary to constitutional right, power, privilege, or immunity;

(C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right;

(D) without observance of procedure required by law;

(E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute; or

(F) unwarranted by the facts to the extent that the facts are subject to trial *de novo* by the reviewing court.

STATEMENT OF THE CASE

I. INTRODUCTION

This case was an appeal from a decision of a panel of Article I judges in an interference before the Board.[1] In the interference, three Administrative Patent Judges ("APJs") unanimously entered judgment that, on the record before them, Miller was entitled to claim 1 of U.S. Patent No. 5,865, 232 ("the Miller '232 patent") and that Brand was not entitled to claim 38 of U.S. Patent Application No. 09/377,120 ("the Brand '120 application"). Both the Miller '232 patent and the Brand '120 application involve a method for more efficiently cutting logs. The APJs correctly held that two documents generated by Miller and given by him to Brand made claim 38 of the Brand '120 application obvious such that Brand derived the invention described in claim 1 of the Miller '232 patent and claim 38 of the Brand '120 application from Miller.

On appeal, the Federal Circuit first decided that it should review the Board's decision using its less deferential "substantial evidence" standard, rather than the "arbitrary and capricious" standard employed by the other courts of appeal in reviewing informal administrative decisions under the Administrative Procedures Act ("the APA"). App.10.

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[1] An interference is a proceeding before the Board. In this case, judgment was entered by a panel of three APJs of the Board. *See* 35 U.S.C. § 135(a). The APJs are Article I judges who, according to 35 U.S.C. § 6, are "persons of competent legal knowledge and scientific ability." Most interferences are decided on the basis of the same kind of patentability issues that decide many if not most patent infringement actions.

Using its less deferential standard, the Federal Circuit reversed, stating that "it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record." App. 12. Although the Federal Circuit conceded that "the Board's expertise appropriately plays a role in interpreting record evidence," *id.*, it held "that the Board improperly substituted its own opinion for evidence of the knowledge of one of ordinary skill in the art." App. 13. The Federal Circuit went on to establish the rigid rule "that, in the context of a contested case, it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record." App. 12.

In so holding, the Federal Circuit ignored the Court's decision in *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (2007). Although *KSR* was decided two weeks before the Federal Circuit decided this case (and over seven weeks before the Federal Circuit denied rehearing), the Federal Circuit did not even mention *KSR*.

KSR explicitly rejected rigid rules such as the one the Federal Circuit applied here, noting that "[r]igid preventative rules that deny factfinders recourse to common sense, however, are neither necessary under our case law nor consistent with it." 127 S. Ct. at 1742-43.

Thus, the Court should grant certiorari to decide whether it was proper for the Federal Circuit 1) to review the Board's decision using its less deferential "substantial evidence" standard, rather than the "arbitrary and capricious" standard that is required by the APA; and 2) to ignore *KSR* and create a new rigid rule that creates a different standard for APJs than the standard that *KSR* sets for patent examiners and district courts.

II. PROCEEDINGS BELOW

The Board entered judgment for Miller that Brand had derived from Miller the invention recited in claim 1 of the Miller '232 patent and claim 38 of the Brand '120 application.[2] It based that decision on two documents authored by Miller that Miller showed to Brand prior to October 13, 1994. App. 6-7. As those documents were viewed by Brand well before his alleged May 31, 1995, conception date of the invention, the Board correctly held that Brand had derived the invention from Miller. *Id.* at 6-8. The Board held that one of the documents alone made claim 38 of the Brand '120 application obvious. *Id.* at 8. In addition, the Board held that the two documents in combination made that claim obvious. *Id.* at 7.

Using its less deferential "substantial evidence" standard, the Federal Circuit reversed. It asserted that, although the two documents were in the record, in interpreting them "the Board substituted its own expertise for record evidence that Miller was obligated to provide."[3] App. 15. In so holding, the Federal Circuit adopted Brand's position "that the Board improperly substituted its own opinion for evidence of the knowledge of one of ordinary skill in the art." *Id.* at 13.

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[2] The Board had jurisdiction to hear the interference under 35 U.S.C. § 135.

[3] This statement is factually incorrect. Miller "provide[d]" evidence that fully supported the Board's conclusion that the two documents made the asserted claim of the Brand patent obvious in the form of an affidavit from Brand (respondents' assignor). *See* A194-202 (record below).

REASONS FOR GRANTING THE PETITION

I. THE FEDERAL CIRCUIT HAS VIOLATED THE APA BY APPLYING THE WRONG STANDARD OF REVIEW TO PROCEEDINGS BEFORE THE PTO

In *Dickinson v. Zurko,* 527 U.S. 150 (1999), the Court held that the Federal Circuit was incorrect in holding that the APA did not apply to proceedings before the PTO. In particular, the Court held that the Federal Circuit's use of the clearly erroneous standard to review PTO proceedings did not show the required deference to the PTO. *See id.* at 161-65. Instead, the Federal Circuit should review a decision of the PTO "to determine whether it is 'arbitrary' or 'capricious,' or, if bound up with a record-based factual conclusion, to determine whether it is supported by 'substantial evidence.'" *Id.* at 164. The Court left it for another day to decide "which APA standard -- 'substantial evidence' or 'arbitrary, capricious, abuse of discretion' -- would apply to court review of PTO factfinding." *Id.* at 158.

In *In re Gartside*, 203 F.3d 1305 (Fed. Cir. 2000), the Federal Circuit answered the question left open by the Court in *Dickinson*, stating that it would use what it believed to be the lower deferential standard of "substantial evidence" in reviewing PTO proceedings, rather than the "arbitrary and capricious" standard.[4] *Id.* at 1311-15. Here, the Federal

[4] The statement in *Gartside* can be fairly characterized as *dictum* because the Federal Circuit affirmed the PTO even though it was using the lower evidentiary standard of "substantial evidence." Thus, it was not necessary to decide that question at that time. Nevertheless, that statement has been followed several times in subsequent Federal Circuit cases. *See, e.g., In re Kumar*, 418 F.3d 1361, 1365 (Fed. Cir. 2005).

Circuit relied on *Gartside* to find that the proper standard of review in PTO proceedings is "substantial evidence." App. 10.

The Federal Circuit is wrong: the proper standard of review for proceedings of the Board is "arbitrary and capricious." Thus, the Court should grant certiorari to answer the question it left open in *Dickinson* and find that the Federal Circuit must review decisions of the Board under the "arbitrary and capricious" standard.

Section 706 of the APA states that, generally speaking, an agency's factual findings are reviewed under the "arbitrary and capricious" standard. 5 U.S.C. § 706(2)(A). Section 706(2)(E) states, however, that the "substantial evidence" standard applies to a case heard "subject to sections 556 and 557 of this title, or otherwise reviewed on the record of an agency hearing provided by statute."[5] Most circuit courts find no difference between these sections as they relate to factual findings by an agency.

As then Judge Scalia explained in an opinion for a unanimous panel of the D.C. Circuit, "[w]hen the arbitrary or capricious standard is performing th[e] function of assuring factual support, there is no *substantive* difference between what it requires and what would be required by the substantial evidence test." *See Ass'n of Data Processing*

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[5] Cases heard under sections 556 and 557 are commonly referred to as "formal proceedings." *See, e.g.*, Gordon G. Young, *Judicial Review of Informal Agency Action on the Fiftieth Anniversary of the APA: The Alleged Demise and Actual Status of* Overton Park*'s Requirement of Judicial Review "On the Record,"* 10 Admin. L.J. Am. U. 179, 214 (1996).

Serv. Orgs., Inc. v. Bd. of Governors of Fed. Reserve Sys., 745 F.2d 677, 683-84 (D.C. Cir. 1984) (Scalia, J.) (emphasis in original). Most courts of appeal follow (then) Judge Scalia's formulation. *See, e.g.*, *Borough of Columbia v. Surface Transp. Bd.*, 342 F.3d 222, 241 n.3 (3d Cir. 2003) (adopting this conclusion from *Ass'n of Data Processing*); *IBP, Inc. v. Herman*, 144 F.3d 861, 866 (D.C. Cir. 1998) (same); *Coteau Props. Co. v. Dep't of Interior*, 53 F.3d 1466, 1483 (8th Cir. 1995) (same); *Olenhouse v. Commodity Credit Corp.*, 42 F.3d 1560, 1575 (10th Cir. 1994) (same). Unlike the other circuits, however, the Federal Circuit treats "substantial evidence" review as a much less deferential standard of review of agency actions.

The Federal Circuit has held that, under the "arbitrary and capricious" standard of review, the agency's decisions are entitled to the highest deference, such that a reviewing court "analyzes only whether a rational connection exists between the agency's factfindings and its ultimate action." *Gartside*, 203 F.3d at 1312; *accord Hyundai Elecs. Indus. Co. v. ITC*, 899 F.2d 1204, 1209 (Fed. Cir. 1990) (noting that the "touchstone" of the "arbitrary, capricious" standard is rationality). But the Federal Circuit believes that the "substantial evidence" standard is much less deferential than the "arbitrary and capricious" standard, such that the reviewing court should reverse unless it finds "evidence, *clearly set forth in the record* below, to justify the conclusions that the Board has drawn."[6] App. 10 (emphasis added).

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[6] Thus, a second reason for granting certiorari is to resolve the circuit split between the Federal Circuit and the circuits that follow (then) Judge Scalia's holding that the standard for review of factual findings of an agency is the same under both the "arbitrary and capricious" standard and the "substantial evidence" standard.

The Federal Circuit admits that proceedings before the PTO are not "formal adjudications." *Id.* at 9. It also admits that there is a "distinction . . . between formal and informal proceedings to determine which APA standard to apply, with the most deferential standard thought to be applicable in reviewing agency decisions made in informal settings." *Gartside*, 203 F.3d at 1315 n.7 (*citing* 6 Administrative Law § 51.01[2], at 51-48). But the Federal Circuit believes it can ignore this distinction because: 1) 5 U.S.C. § 706(2)(E) requires review under the substantial evidence standard for proceedings "reviewed on the record of an agency hearing provided by statute," App. 10 (emphasis removed); and 2) "35 U.S.C. § 144 directs us to review 'on the record' the decisions of the Board." *Id.* (internal citation omitted).

The Federal Circuit's holding that section 706(2)(E) applies to proceedings before the Board is incorrect. Read in context, it is clear that section E applies to formal proceedings that entitle parties to oral hearings with witnesses for both direct and cross-examination. *See* Stuart M. Benjamin, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 Georgetown L.R. 269, 288 (Jan. 2007). Thus, the second half of section E is merely including formal oral hearings that are provided by specific statutes but "not specifically subject to sections 556 and 557." *Id.* Moreover, as noted by Justice Breyer during oral argument in *Dickinson*,[7] such a reading of the statute fully complies with the longstanding practice of reviewing informal adjudications under the "arbitrary and

[7] *Id.* (*citing* Transcript of Oral Argument at *5-*7, *Dickinson v. Zurko*, 527 U.S. 150 (1999) (No. 98-377), available at 1999 WL 190969)).

capricious" standard. Consequently, as the Federal Circuit concedes that proceedings before the PTO are not "formal adjudications," App. 9, it was wrong to apply section E to those proceedings.

There is one additional reason why the Federal Circuit was incorrect in applying section E to proceedings before the PTO. Courts have held that, unless the actual word "hearing," or phrase "hearing on the record," is explicitly in the statute, any administrative adjudication is informal and is reviewed under the "arbitrary and capricious" standard. *See Seacoast Anti-Pollution League v. Costle*, 572 F.2d 872, 876 (1st Cir. 1978) (proceeding is not formal unless there is a "statutorily imposed hearing"); *City of W. Chicago v. NRC,* 701 F.2d 632, 644-45, 648 (7th Cir. 1983) (statute must explicitly state that a party has a right to a "hearing on the record" -- unless Congress has "clearly indicate[d] its intent to trigger the formal, on-the-record provisions of the APA" -- to be considered formal adjudication); John F. Stanley, Note, *The "Magic Words" of § 554: A New Test for Formal Adjudication Under the Administrative Procedure Act,* 56 Hastings L.J. 1067, 1073-81 (2005). Nowhere in the relevant patent statute is the word "hearing" used. 35 U.S.C. § 135. Thus, all proceedings before the PTO are informal and should be reviewed under the "arbitrary and capricious" standard.

As discussed more fully in the next section, *KSR* gave courts and the PTO additional tools to weed out obvious claims. In particular, courts and patent examiners are allowed to use their common sense to decide whether a claim is made obvious by one or more references. As it will be more difficult for the Federal Circuit to overturn decisions by patent examiners finding claims obvious and decisions by

APJs based on a finding of obviousness using the "arbitrary and capricious" standard, the Federal Circuit "lowered the bar" so that it can give less deference to the PTO than required by the APA. The Court should not countenance such a rear-guard action by the Federal Circuit. Consequently, the Court should grant certiorari to instruct the Federal Circuit regarding the proper deference it must give to proceedings before the Board.

II. IN VIOLATION OF *KSR*, THE FEDERAL CIRCUIT HAS ESTABLISHED A NEW RIGID RULE THAT DOES NOT ALLOW APJs TO USE THEIR COMMON SENSE TO DECIDE WHETHER A REFERENCE, ALONE OR IN COMBINATION WITH OTHERS, MAKES A PATENT CLAIM OBVIOUS

In *KSR*, the Court explained that it is proper for both district courts and patent examiners to rely on their "common sense" to decide whether two references can be properly combined to make a claim obvious. The Court stated: "If a court, or patent examiner, conducts [the analysis necessary to decide that references are properly combinable] and concludes the claimed subject matter was obvious, the claim is invalid under § 103." *KSR*, 127 S. Ct at 1734. Consequently, the Court overturned the Federal Circuit's "rigid rule" that references cannot be combined unless there was a teaching, suggestion, or motivation to combine the references.

Apparently, the Federal Circuit believes that *KSR* does not apply to APJs, but rather was limited to district

courts and patent examiners. There is no basis, however, for having one standard for patent examiners and district courts and another standard for APJs.

A panel of APJs acts as an appellate court when it hears appeals from rejections of claims by examiners. *See* 35 U.S.C. § 134. A panel of APJs acts as a factfinder when it decides interferences. *See id.* at § 135(a). In both instances, the losing party may seek judicial review in a district court. *See id.* at § 145 (review of a decision affirming the rejection of a claim); *id.* at § 146 (review of a decision in an interference). Assuming, *arguendo*, that it would be proper to hold the APJs to a different standard than patent examiners and district courts when they fulfill an appellate function,[8] there is no basis for holding them to a different standard when they fill the same factfinder function as a patent examiner or a district court.[9]

Nevertheless, the Federal Circuit held that, when the APJs are acting as factfinders in an interference, they may

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[8] This case does not involve a 35 U.S.C. § 134 review by a panel of APJs.

[9] Conceptually, it is hard to understand why APJs should not be allowed to use their common sense when they are reviewing the rejection of a claim by a patent examiner. Under *KSR*, the patent examiners are allowed to use their common sense to decide whether a reference or combination of references make a claim obvious. Similarly, during review of the rejection of a claim by a district court, the district court is allowed to use its common sense to decide whether a reference or a combination of references make a claim obvious. In any event, this case does not involve the issue of whether APJs should be allowed to use their common sense when reviewing the rejection of a claim by a patent examiner.

not use their common sense to decide whether a single reference or multiple references make a patent claim obvious. *See* App. 12. But in *KSR*, the Court explicitly stated that it is proper for district courts and patent examiners to rely on their common sense to decide whether one or more references make a claim obvious: "*Common sense* teaches, however, that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle." *KSR*, 127 S. Ct. at 1742 (emphasis added). To make the point even more explicitly, the Court stated that "*[r]igid preventative rules* that deny factfinders recourse to *common sense* [] are neither necessary under our case law nor consistent with it." *Id.* at 1742-43 (emphasis added).

Here, however, the Federal Circuit has done exactly what the Court forbade in *KSR*. It has made a *rigid preventive rule* that, "in the context of a contested case, it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record."[10] App. 12.

Although the Federal Circuit implicitly attempted to distinguish *KSR* by referring to "expertise" rather than

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[10] It is unclear why the Federal Circuit believed it was necessary to explicitly limit its holding to "contested cases." Perhaps it believed that, by limiting its holding, it would be mitigating its violation of *KSR*. But *KSR* was a contested case. Indeed, district court proceedings regarding a patent are virtually *always* contested cases. If district courts are required to use their common sense in a contested case to decide whether a patent claim is obvious, APJs should also be allowed to use their common sense in a contested case to do the same thing.

"common sense," that is a distinction without a difference.[11] An Article III trial judge applying his or her "common sense" to decide whether one or more references makes a claim obvious is no different than a panel of Article I trial judges applying their own "expertise" to do the same thing.

Moreover, there is absolutely no evidence that the APJs did any more than apply their own common sense. Nowhere in their opinion did they ever state that they were relying on their "expertise," and there was no evidence that those APJs had any particular expertise in log cutting. Rather, that was a "fact" supplied by the Federal Circuit in an attempt to distinguish the result here from *KSR*.

It is true, of course, that APJs are required to have both "competent legal knowledge and scientific ability." 35 U.S.C. § 6(a). The "common sense" of one who has "competent . . . scientific ability" might include some "expertise." It is still proper under *KSR*, however, for a judge or patent examiner to use "common sense" in deciding whether references make a claim obvious, so long as his or her "common sense" does not encompass more than the "*common knowledge and common sense* of the person of ordinary skill in the art." *In re Bozek*, 416 F.2d 1385, 1390 (C.C.P.A. 1969) (emphasis added). Here, there was *no* evidence that the three APJs who decided this case had more skill in the relevant field (log cutting) than one of ordinary skill in that art – if as much.

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[11] As discussed *supra*, the Federal Circuit never mentioned *KSR* in its opinion.

Simply put, the APJs here used the exact method that the Court approved in *KSR*. They looked at a document in the record and used their common sense to correctly decide that the document, both alone and in combination with another document (also in the record), made a claim obvious. Indeed, it is hard to understand why the Federal Circuit reversed the Board here in light of *KSR*, unless the Federal Circuit was attempting to circumvent *KSR* by once again making it difficult to invalidate a patent for obviousness.

The Federal Circuit asserted that "the Board improperly substituted its own opinion for evidence of the knowledge of one of ordinary skill in the art." App. 13. But there is *no* evidence that the APJs in question had more skill in the field of log cutting than would one of ordinary skill in that field. Thus, if the one document, either alone or in combination, made the claim in the Brand '120 application obvious to those APJs, it was certainly proper for those APJs to use their *common sense* to decide that the document would have made the patented claim obvious to one of ordinary skill in the field of log cutting. Indeed, under *KSR*, it would have been reversible error for the APJs not to so hold.[12]

It simply cannot be the case that there should be a different standard for APJs than for district courts. For example, if the Court does not grant certiorari here, in future interferences the APJs will not be able to use their "expertise" (*i.e.*, common sense) when viewing the record to decide if a patented claim was obvious based on combining

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[12] It is worth noting that the *sole reason* that the Federal Circuit reversed is because it alleged that the APJs relied on their expertise -- *i.e.*, their common sense. Nowhere did the Federal Circuit allege any other basis, such as improper use of hindsight.

references. But, if the losing party to the interference seeks review in a district court (as is its right under 35 U.S.C. § 146), under *KSR* the district court should use *its* common sense to decide whether a combination of references makes the claim or claims at issue obvious. *See KSR*, 127 S. Ct. at 1743-44. If the district court so holds, it would have to find that the *Board committed reversible error due to the Board's following the binding authority of this case.* It is both extremely unfair and an extreme waste of the resources of the Board to set it up to fail by requiring it to use a different standard for review for obviousness than the district courts will use.

In the short time since the Court decided *KSR*, district courts have already begun to find patent claims obvious based on their common sense. *See, e.g., Semiconductor Energy Lab. Co. v. Chi Mei Optoelectronics Corp.*, 2007 U.S. Dist. LEXIS 44288, *56-*59 (N.D. Cal. June 19, 2007) (finding patent claim obvious, based on, *inter alia*, common sense); *Single Chip Sys. Corp. v. Intermec IP Corp.*, 2007 U.S. Dist. LEXIS 50622, *32, *37-*38, *55-*62 (S.D. Cal. June 29, 2007) (same). Accordingly, the Court should grant certiorari to decide whether APJs are entitled to the same flexibility, so that all judges, whether Article III or Article I, are provided with the same tool kit to decide whether a claim would have been obvious.

CONCLUSION

For the foregoing reasons, the petition for certiorari should be granted.

Respectfully submitted,

_____

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APPENDIX

ROBERT D. BRAND, CAPITAL MACHINE CO., INC., and INDIANA FORGE, LLC,
Appellants,
v.
THOMAS A. MILLER, DARREL C. PINKSTON, and MILLER VENEERS, INC.,
Appellees.

2006-1419

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

May 14, 2007, Decided

JUDGES: Before MICHEL, Chief Judge, ARCHER, Senior Judge, and DYK, Circuit Judge.

OPINION BY: DYK

OPINION

DYK, *Circuit Judge*.

Appellants Robert D. Brand, Capital Machine Co., Inc. and Indiana Forge, LLC ("Brand") appeal from the judgment of the Board of Patent Appeals and Interferences ("Board") of the U.S. Patent and Trademark Office ("PTO") in Interference No. 105,215, entering judgment for appellees Thomas A. Miller, Darrel C. Pinkston, and Miller Veneers, Inc. ("Miller") on the issue of priority. The Board concluded that Brand derived the subject matter of the single count from

Miller. We hold that the Board impermissibly relied on its own expertise in determining the question of derivation and that the Board's conclusion is not supported by substantial record evidence. We therefore reverse and remand for further proceedings consistent with this opinion.

BACKGROUND

The invention here relates to methods of cutting veneer from logs of wood. Typically logs are cut lengthwise into a pair of "flitches," which are then mounted onto the rotating "staylog" of a veneer cutting machine. The flitch is held in place on the staylog by clamping "dogs." The veneer-cutting knife then cuts off slices of veneer from the flitch as it rotates on the staylog.

Because logs are typically thicker at their base than at their end, traditionally the butt-ends of the resulting tapered flitches were cut off in order to make them more uniform in cross-section from end to end. The ends that had been cut off were then discarded. The invention at issue allows a tapered flitch to be mounted on a staylog such that the flitch's veneer-producing face (the uppermost surface region of 16 in the diagram below from *U.S. Patent No. 5,865,232* (*"'232 patent"*)) is parallel to the veneer-cutting knife. This results in more efficient use of the flitches.

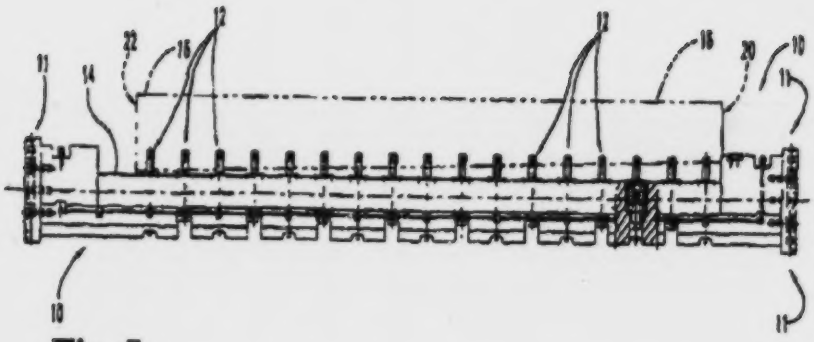

Fig. 5

Traditional dogs could not be used to mount a tapered flitch (16) onto a staylog (10) because traditional dogs did not allow the length of the dog extending from the staylog to vary based on the flitch's taper. The inventors here used different types of dogs to solve that problem.

During the relevant period Robert Brand was the Chief Engineer for Capital Machine Co. ("Capital"), which makes machines for cutting veneer. He is now retired from Capital and works as an unpaid consultant with Miller Veneers. Brand is the named inventor of U.S. Patent Application No. 09/377,120 ('120 application). Thomas Miller was Production Manager of Miller Veneers, a customer of Capital. Miller is the named inventor of the *'232 patent*. The two companies had a close working relationship, and Thomas Miller on occasion communicated new design concepts to Capital.

On April 28, 2004, the Board declared an interference with a single count to determine whether Miller or Brand should have priority. The count, which is claim 1 of Miller's *'232 patent* and the identical claim 38 of Brand's '120 application. The count reads:

A method for cutting veneer sheets from a tapered flitch, comprising the steps of

providing a staylog for a veneer slicing machine having a veneer slicing knife;

attaching a flitch having a tapered veneer producing face to the staylog with the tapered veneer producing face affixed in a stable, parallel relationship with the veneer slicing knife; and

cutting veneer sheets with the veneer slicing knife from the tapered veneer producing face of the flitch.

While the same claim appears in both the *'232 patent* and the '120 application, the inventors used different methods to solve the problem of attaching a tapered flitch to a staylog. Miller's *'232 patent* employs radially-expandable round "collett dogs" (depicted below at left) to support the flitch while Brand's '120 application uses multi-headed tall pin dogs (depicted below at right) for the same purpose.

In the interference proceeding, Brand was the Senior Party, having filed his application on May 31, 1995.[1] Miller,

[1] The Board then held that Brand failed to prove a conception date earlier than its May 31, 1995, constructive reduction to practice date. The Board reasoned that, while several Brand drawings did demonstrate conception of the subject matter of the count, there was no corroborated evidence of the completion dates of these drawings because witness William Koss,

the Junior Party, made two arguments for priority. Miller argued it was entitled to priority as the party first to conceive and first to reduce to practice, and also argued it was entitled to priority because Brand derived the invention from Miller. The Board first addressed Miller's argument that it was first to conceive and first to reduce to practice, and determined the respective conception and reduction to practice dates of Brand and Miller. The Board held that Miller's conception date was no earlier than October 27, 1994, and denied Miller's attempt to amend its priority statement to claim an earlier date. The Board held that Miller failed to prove an actual reduction to practice prior to Brand's May 31, 1995, benefit date. The Board concluded that, since Junior Party Miller failed to prove it reduced to practice first, it failed to establish that it was entitled to an award of priority as the party first to conceive and first to reduce to practice. Miller has not raised this issue on appeal.

The Board then turned to Miller's other argument, that Miller was entitled to priority because Brand derived the invention from Miller. Miller's case for derivation was based primarily on two drawings that Miller allegedly showed Brand before Brand's own conception. The first, Miller Exhibit 2001 ("MX2001"), depicts an end view of a tapered flitch:

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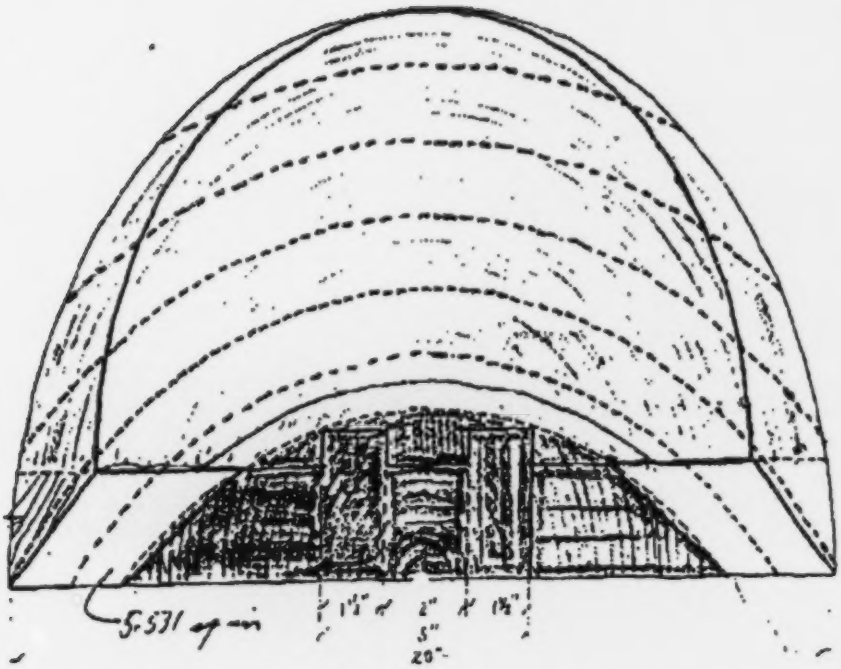
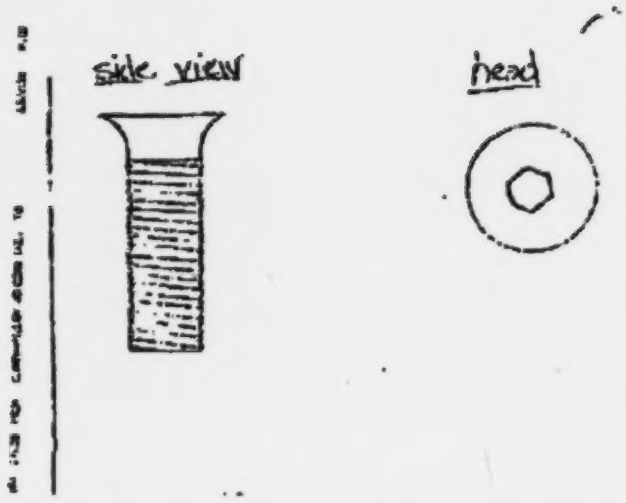
the Executive Vice President of Capital, did not distinguish between commencement and completion dates. In light of our holding that Brand was entitled to priority, we need not describe or address Brand's alternate argument that he was entitled to an earlier date for conception and reduction to practice.



The Board found that Miller showed Brand and Koss (the Executive Vice President of Capital), the drawing in MX2001 at a meeting held sometime between October 7, 1994 and October 12, 1994, well before Brand's conception date of May 31, 1995. The drawing in MX2001 does not depict any dogs or any holes in the flitch for receiving dogs.

The second drawing that Miller alleged supported its case for derivation was Miller Exhibit 2002 ("MX2002"), which the Board found was contained in a fax from Miller to Brand on October 7, 1994, and which depicts a type of screw called a "bugle headed screw dog:"



The Board addressed whether Miller had proven that Brand derived the invention from Miller based on the information in Miller Exhibits ["MX"] 2001 and 2002, either separately or taken together. While Brand was aware that the bugle-headed dogs depicted in MX2002 were intended as substitutes for standard dogs, the Board rejected as uncorroborated the testimony of Miller that he explicitly told Brand how to practice the invention of the count by using the bugle-headed dogs to support a tapered flitch. The Board nonetheless held that Miller had established derivation based on the combination of MX2001 and 2002. The Board reasoned that "one skilled in the art . . . would have recognized [the] suitability [of Miller's bugle-headed screw dogs MX2002] for securely supporting a tapered flitch in the position depicted in [MX2001]." J.A. at 62. The Board did not cite any testimony or record evidence to support its conclusion. The Board further held that "[t]he ability of the bugle-headed screw dogs to tightly clamp the flitch would have been readily apparent." *Id.*

The Board also held, in the alternative, that the information in MX2001, taken alone, was sufficient to teach one of ordinary skill in the art how to practice the method of the count. Again without citing record evidence, the Board concluded that the drawing in MX2001 disclosed the invention. Although MX2001 does not depict the relationship between a flitch and the veneer-cutting knife, the Board concluded that "[a]lthough not discussed in the exhibit, it is apparent that the flitch is supported [in the required position]." While MX2001 does not show the size and shape of supporting dogs, the Board concluded that "it is nevertheless clear that the position of the flitch is due to the fact that the dogging holes have different depths." *Id.* at 60-61.

Brand filed a request for rehearing, arguing principally that the Board failed to take into account declarations by witnesses that favored Brand's position, *inter alia*, on the derivation issue. The Board denied the request. In particular, on the question of derivation, the Board described as "unconvincing" the declaration of witness Bobby Deckard, who stated that "there is no way one could deduce from [MX2001] how to build a machine or attach a tapered flitch to the machine," because it failed to explain why an artisan "would not have known to use screw dogs which are longer than the screw dog depicted in MX2002." J.A. at 77-78. Brand timely filed this appeal. We have jurisdiction pursuant to *28 U.S.C. § 1295(a)(4)(A)*.

DISCUSSION

I

Under *§ 554* of the Administrative Procedure Act ("APA"), if an agency adjudication is "required by statute to be determined on the record after opportunity for an agency hearing," the adjudication becomes a formal proceeding, subject to the requirements of *§§ 556* and *557* of the APA. *5 U.S.C. § 554. Sections 554, 556* and *557* require hearings to be held, impose detailed conditions for the creation of a written record and forbid *ex parte* communications. *5 U.S.C. §§ 554, 556-557.*

As the Supreme Court has held, adjudicatory proceedings before the Board are governed by the requirements of the APA. *Dickinson v. Zurko,* 527 U.S. 150, 154, 119 S. Ct. 1816, 144 L. Ed. 2d 143 (1999). In *In re Gartside*, 203 F.3d 1305 (Fed. Cir. 2000), an appeal from an interference proceeding, we held that PTO proceedings are not formal adjudications governed by *§§ 556* and *557* of the APA. *Id. at 1313.* We reasoned that *APA § 554* excludes from formal adjudications under *§§ 556* and *557* those proceedings that are subject to subsequent trial *de novo*, and that the patent statute allows applicants to obtain in district court such trials after PTO proceedings. *Id.*; *see 35 U.S.C. §§ 145-146.*

Although PTO proceedings are not formal adjudications governed by *§§ 556* and *557* of the APA, the Supreme Court has held that our review of those proceedings is governed by another section of the *APA, § 706. Dickinson, 527 U.S. at 152.* The Supreme Court in *Dickinson* did not decide which of the several standards of review in *APA § 706* applies to PTO proceedings. We first considered that question in *Gartside*, an appeal from a Board interference proceeding. We noted that *APA § 706* provides that "[t]he reviewing court

shall . . . hold unlawful and set aside agency action, findings, and conclusions found to be . . . unsupported by substantial evidence in a case subject to *sections 556* and *557* of this title *or otherwise reviewed on the record of an agency hearing provided by statute*." *Gartside, 203 F.3d at 1311*; *5 U.S.C. § 706* (emphasis added). We then noted that *35 U.S.C. § 144* directs us to review "on the record" the decisions of the Board. *Id.*, quoting *35 U.S.C. § 144* ("The United States Court of Appeals for the Federal Circuit shall review the decision from which an appeal is taken *on the record* before the Patent and Trademark Office.") (emphasis added). We concluded that findings of fact by the Board must in all cases be supported by substantial evidence in the record.

Under the substantial evidence standard of review, we search for evidence, clearly set forth in the record below, to justify the conclusions that the Board has drawn. *See Gartside, 203 F.3d at 1312*. As we noted in *Gartside*, "[i]n appeals from the Board, we have before us a comprehensive [factual] record . . . including all of the relevant information upon which the Board relied in rendering its decision." *Id. at 1314*. Crucially, we held that "[t]hat record, when before us, is closed, in that the Board's decision must be justified within the four corners of that record." *Id.*; *see also Ass'n of Data Processing Serv. Orgs., Inc. v. Bd. of Governors of Fed. Reserve Sys.*, 240 U.S. App. D.C. 301, 745 F.2d 677, 683 (D.C. Cir. 1984) ("[When cases are governed by the substantial evidence standard of review] the factual support must be found in the closed record as opposed to elsewhere.").

The fact that *section 706 of the APA* requires that the Board's decision be reviewed on the record does not directly answer the question whether the Board's decisions may be based on the Board's substantive expertise reflected in the record. However, in a contested proceeding involving "reso-

lution of conflicting private claims to a valuable privilege," it is particularly important that the agency's decision on issues of fact be limited to the written record made before the agency. *See Sangamon Valley Television Corp. v. United States,* 106 U.S. App. D.C. 30, 269 F.2d 221, 224 (D.C. Cir. 1959).[2] The Supreme Court rejected an agency's attempt to rely on its own expertise in a contested proceeding in *Baltimore & Ohio R.R. Co. v. Aberdeen & Rockfish R.R. Co.,* 393 U.S. 87, 91-92, 89 S. Ct. 280, 21 L. Ed. 2d 219 (1968). The Interstate Commerce Commission ("ICC"), in a ratemaking proceeding involving competing claims by Northern and Southern railroads, determined that the costs of North-South traffic were fairly represented by territorial average costs. The Supreme Court held that the ICC's decision was not supported by record evidence, and that in such a context agency expertise cannot substitute for record evidence because "[t]he requirement for administrative decisions based on substantial evidence and reasoned findings--which alone make effective judicial review possible--would become lost in the haze of so-called expertise." *Baltimore & Ohio R.R. Co., 393 U.S. at 92.*[3]

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[2] That case held that letters that "did not go into the public record" fatally tainted the Federal Communication Commission's proceedings because the proceeding involved "resolution of conflicting private claims to a valuable privilege and . . . basic fairness requires such a proceeding to be carried on in the open." *Sangamon Valley, 269 F.2d at 224.*

[3] Quite a different standard applies when agencies interpret ambiguous statutes. *See Chevron U.S.A. Inc. v. Natural Res. Def. Council, Inc., 467 U.S. 837, 104 S. Ct. 2778, 81 L. Ed. 2d 694 (1984).* In most situations deference is due to agency positions on a legal question. But this is not a *Chevron* situation both because the issue is factual, not legal, and because we have held in any event that the Board does not earn *Chevron* deference on questions of substantive patent law. *Merck & Co. v. Kessler, 80 F.3d 1543, 1549-50 (Fed. Cir. 1996).*

The detailed PTO regulations governing interferences and other contested proceedings also highlight the importance of the comprehensive record that is required in contested administrative proceedings before the Board. *See 37 C.F.R. §§ 41.100-41.158* (regulations governing contested cases); *37 C.F.R. § 41.200(a)* ("A patent interference is a contested case."); *37 C.F.R. §§ 41.200-41.208* (regulations specific to patent interferences). All motions must be accompanied with "appropriate evidence, such that, if unrebutted, it would justify the relief sought." *37 C.F.R. § 41.208*. Detailed rules govern depositions and the taking of testimony, requiring objections to be served and entered on the record, and permitting parties to move to exclude evidence from the record. *37 C.F.R. § 41.155*. Transcripts of such testimony serve as the "true record of the testimony given by the witnesses." *37 C.F.R. § 41.157(e)(6)(ii)*. Finally, the Federal Rules of Evidence apply to contested proceedings unless regulations specifically provide otherwise. *37 C.F.R. § 41.152*. These detailed regulations governing contested cases highlight the Board's role in such cases as an impartial adjudicator of an adversarial dispute between two parties.

We therefore hold that, in the context of a contested case, it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record, although the Board's expertise appropriately plays a role in interpreting record evidence. We do not--and need not--decide here the extent to which the Board in *ex parte* proceedings is so limited.

II

We now turn to the facts of this case. The Board here adjudicated the questions of priority of invention and derivation. Priority of invention is awarded "to the first party to reduce an invention to practice unless the other party can

show that it was the first to conceive of the invention and that it exercised reasonable diligence in later reducing that invention to practice." *Medichem, S.A. v. Rolabo, S.L.*, 437 F.3d 1157, 1169 (Fed. Cir. 2006); 35 U.S.C. § 102(g). Priority is a question of law which is determined based on underlying factual determinations. *Price v. Symsek*, 988 F.2d 1187, 1190 (Fed. Cir. 1993).

A party may also assert that the patentee did not invent the patented invention by showing derivation. *Id.* In an interference proceeding, the person challenging the Senior Party's priority date bears the burden of proof on derivation and must make two showings. *Id.* First, he must "establish prior conception of the claimed subject matter."[4] *Id.* Second, he must prove "communication of that conception to the patentee that is sufficient to enable [him] to construct and successfully operate the invention." *Int'l Rectifier Corp. v. IXYS Corp.*, 361 F.3d 1363, 1376 (Fed. Cir. 2004) (internal quotation marks omitted). This court reviews a finding of derivation as a question of fact. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1576 (Fed. Cir. 1997).

The Board decision here turns on the second issue--communication. On this issue Brand argues that the Board improperly substituted its own opinion for evidence of the knowledge of one of ordinary skill in the art. We agree. As

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[4] Conception is defined as "formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice. Conception is complete when the idea is so clearly defined in the inventor's mind that only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation." *Stern v. Trustees of Columbia University in New York, 434 F.3d 1375, 1378 (Fed. Cir. 2006)* (internal citations and quotation marks omitted).

the Board correctly noted, in this case, "Miller, as the proponent of derivation by Brand . . . bears the burden of proving that one skilled in the art would have been capable, without undue experimentation, of making a staylog for securely supporting a tapered flitch in the position depicted [in MX2001]." J.A. at 61. The Board rejected as unconvincing the only relevant testimony, Miller's testimony that he explicitly told Brand how to practice the invention of the count. There was also no testimony from one skilled in the art that the drawings communicated an enabling invention to a skilled recipient of the drawings.

The Board's conclusion that "one skilled in the art . . . would have recognized [the] suitability [of Miller's bugle-headed screw dogs MX2002] for securely supporting a tapered flitch in the position depicted in [MX2001]" was not supported by any citation to the record. J.A. at 62. Similarly, the Board did not anchor in the record its conclusion that an artisan would have deduced from the drawing of a flitch in MX2001 standing alone a method of securely fastening a tapered flitch to a staylog, given that the drawing did not depict any dogs or holes in the flitch. The Board here did not just interpret the drawings in MX2001 and MX2002 from the standpoint of one skilled in the art. Those drawings simply depicted a flitch (without dogs) and a bugle-headed dog (without a flitch), and did not show the relationship between the two or the position of the flitch with respect to the veneer-cutting knife. Indeed, the Board's own description of

MX2001 notes specifically that these relationships were "not shown." J.A. at 60.[5]

Lacking an explanation in the record as to how the depicted flitch or dogs would be arranged to perform the claimed method, the Board substituted its own expertise for record evidence that Miller was obligated to provide. The Board's finding that an artisan would have known how to securely fasten a tapered flitch to a staylog using bugle-headed dogs does not represent a simple substitution of bugle-headed dogs for existing dogs, but detailed inferences as to the mounting process. The detailed nature of the findings that the Board found necessary to make demonstrates the inappropriateness of its approach.[6] Finally, the path that the

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[5] The Board found that "[a]lthough not discussed in the exhibit, it is apparent that the flitch is supported by the dogs (*not shown*) with its uppermost surface region parallel to the staylog mounting surface (*not shown*) and thus parallel to the edge of the veneer-cutting knife (*not shown*). J.A. at 60 (emphases added).

[6] Among its multiple findings the Board found that:

> we are persuaded that one skilled in the art, having been informed of Miller's proposed bugle-headed screw dogs, would have recognized their suitability for securely supporting a tapered flitch in the position depicted in that exhibit. Furthermore, the artisan further would have recognized that Miller's dogs would permit the dogging holes to take the form of round holes or longitudinal pockets, with round holes offering the advantage of requiring less time and effort to form. The ability of the bugle-headed screw dogs to tightly clamp the flitch would have been readily apparent, since the hydraulic transverse clamping action would be

Board determined that a skilled artisan would follow has, so far as the record reflects, never been followed. The Board found that bugle-headed dogs were not depicted in either Miller's application or Miller's *'232 patent* as used to support a tapered flitch, and the Board found no evidence that bugle-headed dogs had been used for the purpose of supporting a tapered flitch.[7] Under such circumstances the Board's decision was not supported by substantial evidence in the record.

> expected to drive the facing parts of the edges of each pair of dogs into the walls of the dogging holes, whether formed as round holes or as longitudinal pockets.
>
> (. . .)
>
> Although an artisan would have recognized that increasing the transverse dimension of the dogging holes while maintaining the two-inch transverse spacing shown in the exhibit would come at the expense of part or perhaps all of the expected increase in yield the exhibit attributes to a "reduced staylog, shallower dogs, and closer spacing of dogs" (shown in blue in the original sketch), the artisan would have recognized that this modification would have little, if any, effect on the expected increase in yield the exhibit attributes to "keeping wedge, deep dogging holes, and less severe milling of sides of flitch" (shown in yellow in the original sketch).

J.A. at 62-64.

[7] The Board stated: "We did not overlook fact [sic] that the record includes no allegation, let alone proof, that Miller's proposed bugle-headed dogs were used (either successfully or unsuccessfully) to support a ta-

Accordingly, we reverse the Board's award of judgment to Miller, order that judgment be entered for Brand and remand to the Board for entry of judgment and appropriate orders.

CONCLUSION

For the foregoing reasons, the decision below is reversed and remanded.

REVERSED AND REMANDED

COSTS

No costs.

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pered flitch or a nontapered flitch on a staylog prior to Brand's May 31, 1995, benefit date." J.A. at 79.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS

AND INTERFERENCES

THOMAS A. MILLER
and. DARREL C. PINKSTON,

Junior Party
(Patent 5,865,232[1]),
v.

ROBERT D. BRAND,

Senior Party
(Application 09/377,1202[2]).

Patent Interference No. 105,215

Entered: August 25, 2005

JUDGMENT — MERITS — Bd. R. 127

Before MARTIN, LEE, and MOORE, Administrative Patent Judges.

MARTIN, Administrative Patent Judge.

Pursuant to the "DECISION — PRIORITY — Bd. R.

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[1] Real party in interest: Miller Veneers (formerly Curry-Miller Veneers).
[2] Real party in interest: Indiana Forge, LLC, assignee from Capital Machine Co., Inc.

125(a)" issued herewith, it is hereby ORDERED that judgment on the issue of priority with respect to Count 1, the sole count, is entered in favor of the Junior Party, THOMAS A. MILLER and DARREL C. PINKSTON, and against the Senior Party, ROBERT D. BRAND, on the ground that the Senior Party derived the subject matter of the count from the Junior Party.

Accordingly, it is FURTHER ORDERED that THOMAS A. MILLER and DARREL C. PINKSTON are entitled to retain Claim 1 of their involved patent, their only claim which is designated as corresponding to the count, and that ROBERT D. BRAND is not entitled to a patent containing Claim 38 of his involved application, his only claim which is designated as corresponding to the count.

/ss/ John C. Martin
JOHN C. MARTIN
Administrative Patent Judge

/ss/ Jameson Lee
JAMESON LEE
Administrative Patent Judge

BOARD OF APPEALS AND INTERFERENCES

/ss/ James T. Moore
JAMES T. MOORE
Administrative Patent Judge

The opinion in support of the decision being entered today is not binding precedent of the Board

Filed by: Trial Section Merits Panel
Mail Stop INTERFERENCE
Entered: August 25, 2005
Board of Patent Appeals and Interferences
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
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Fax: 571-273-0042

Paper No. 84

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

THOMAS A. MILLER
and DARREL C. PINKSTON,
Junior Party
(Patent 5,865,232[1]),

v.

ROBERT D. BRAND,

---

[1] Real party in interest: Miller Veneers (formerly Curry-Miller Veneers).

Senior Party(Application 09/377,120[2]).

Patent Interference No. 105,215

DECISION — PRIORITY — Bd. R. 125(a)

Before MARTIN, LEE, and MOORE, Administrative Patent Judges.
MARTIN, Administrative Patent Judge.

The matters before us are priority (including derivation) and Miller's motion for leave to file a corrected priority statement. Both parties were represented by counsel at the June 21, 2005, final hearing.

This interference was provoked by an amendment[3] filed in Brand's now-involved application adding claim 39 (renumbered 38 by the examiner), which is a copy of claim 1 of Miller et al.'s (hereinafter Miller's) now-involved patent. The interference was declared on April 28, 2004, with a single count, Count 1, which is "Claim 1 of Miller's Patent 5,865,232 or Claim 38 of Brand's Application 09/377,120."

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[2] Real party in interest: Indiana Forge, LLC, assignee from Capital Machine Co., Inc.
[3] Preliminary Amendment, filed February 1, 2000 (Application Paper No. 6).

"Notice Declaring Interference" (Paper No. 1) at 5.[4] The declaration notice accorded Miller the benefit of U.S. Provisional Application 60/013,035, filed March 8, 1996, and accorded Brand the benefit of four U.S. applications: 08/455,479, filed May 31, 1995 (now Patent 5,562,137, issued October 8, 1996); 08/685,207, filed July 23, 1996 (Patent 5,701,938, issued December 30, 1997); 08/752,800, filed November 20, 1996 (Patent 5,868,187, issued February 9, 1999); and 09/245,954, filed February 5, 1999 (abandoned). Neither party has moved to deny the opponent the benefit of any of these applications.

I. THE SUBJECT MATTER IN INTERFERENCE

The subject matter in interference is a method of cutting veneer from a tapered log.

A. Miller's involved patent – Miller Exhibit (MX[5]) 2006

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[4] Effective September 13, 2004, the interference rules under which this interference was declared (i.e., § 1.601 et seq.) and the ex parte appeal rules (37 C.F.R. § 1.191 et seq.). were replaced by 37 C.F.R. § 41.1 et seq. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. 49,960 (Aug. 12, 2004), reprinted in 1286 Official Gazette Pat. & Trademark Off. 21 (Sept. 7, 2004). The term "Bd. R. 125(a)" in the caption of this decision refers to 37 C.F.R. § 41.125(a). A "Contested Case Practice Guide" dated November 5, 2004, containing the Standing Order and Practice Notes is available at http://www.uspto.gov/web/ offices/dcom/bpai/docs/practice_guide.htm

[5] The Brand Exhibits are identified as "BX."

As explained in the "Background of the Invention" section of the Miller patent, Miller's "Prior Art" Figure 1, reproduced below, shows a tapered log whose butt end has been squared off in order to make it more uniform in cross-section from end to end. Miller patent, col. 1, ll.19-35.

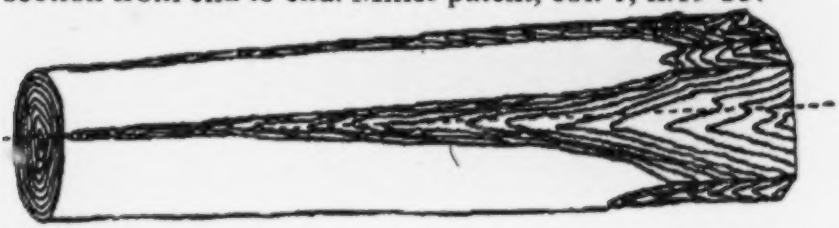


Fig.1
(Prior Art)

The log is next cut lengthwise along its axis into a pair of "flitches." As shown in Miller's "Prior Art" Figure 2, reproduced below, two longitudinal grooves are cut into the flat surface of a flitch from one end to the other for the purpose of receiving clamping "dogs." Id. at col. 1, 11. 36-57.

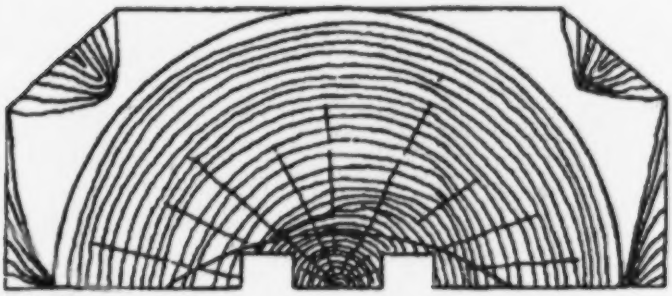
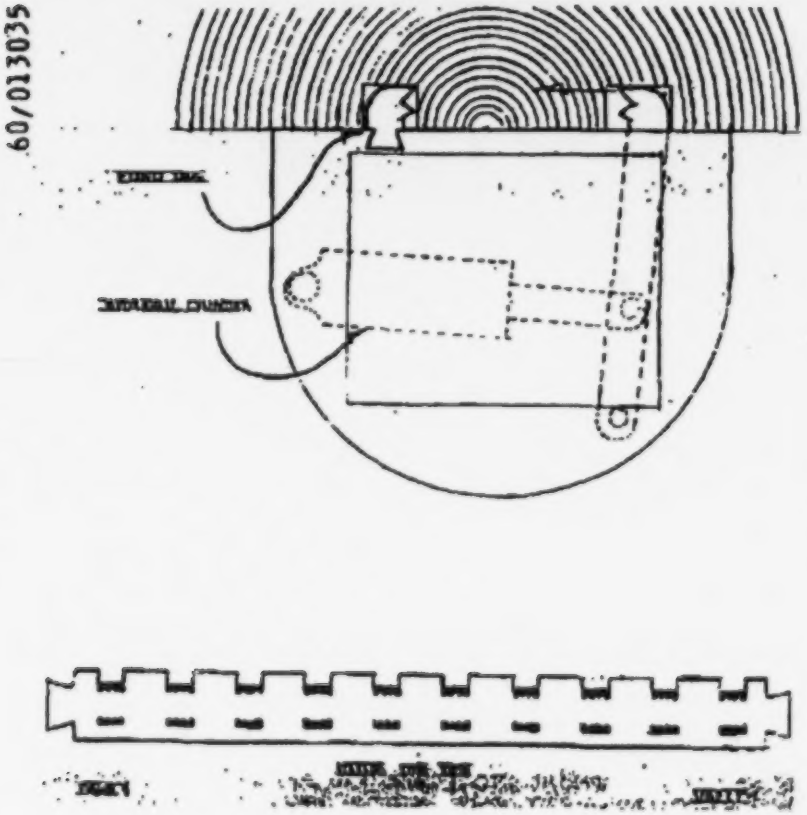


Fig.2
(Prior Art)

As shown below in Figure 4 of Miller's benefit Provisional Application 60/013,035, the clamping dogs are arranged in transversely opposed pairs (one dog being fixed and the other hydraulically operated), which are spaced apart along the entire length of the mounting surface of the rotary "staylog" of the veneer cutting machine:



Miller explains that after the veneer cutting knife has cut off most of the layers of veneer and approaches the grooves in the core of the flitch, some waste is produced in the form of "shim sheets," i.e., sheets of nonuniform thickness, which Miller attributes to weakening and flexing of the flitch due to the presence of the longitudinal grooves. Id. at col. 1,1. 58 to col. 2,1.9. Referring to Miller's Figure 8, depicted below, Miller avoids this flexing and thus the production of shim sheets by replacing the two longitudinal mounting grooves with a large number of pairs of round mounting or dogging holes 18 and by replacing the standard clamping cogs with radially-expandable, round "collett dogs" 12.

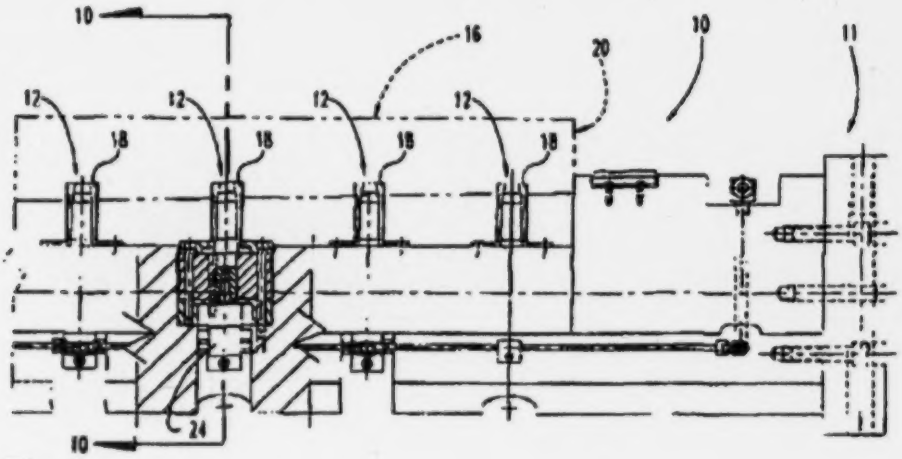


Fig. 8

As shown below in Figure 5, this mounting technique also permits a tapered flitch 16 to be mounted with its uppermost surface region (the uppermost line in that figure) parallel to the rotary axis and the mounting surface 14 of the rotary

staylog and thus parallel to the cutting edge of the veneer knife (not shown) by forming the dogging holes with varying depths such that their bottoms lie in a plane that is parallel to the uppermost surface of they flitch. The advantage of cutting veneer from a tapered flitch mounted in this position is explained by Miller as follows:

> The first several dozen sheets coming off a tapered flitch utilizing the method and apparatus of the present invention are of more value than would have been obtained utilizing the methods and apparatus of the prior art, because they are of full flitch length and are therefore more useful to more customers[,] for their lengths do not restrict their uses.

Miller patent, col. 7,11.47-52. Another factor contributing to the increase in yield is that presence of deeper dogging holes at the butt end of the flitch permits the dogging holes at the small end to be made shallower than the prior-art, longitudinal mounting grooves. Id. at 8,11. 1-13.

Fig. 5

B. Brand's involved application

The "Background of the Invention" portion of Brand's involved application (at 1-4) is similar to Miller's in that it attributes the "shim sheet" problem to the two longitudinal mounting or dogging grooves. Brand Specification at 2,11.28-33. Brand also discusses the technique of "squaring off" of tapered flitches, while limiting its application to flitches which are to be cut using a reciprocating machine id. at 2,1. 34 to p. 3, l. 1), and explains that the taper is left on when a rotating machine is used, which initially produces waste in the form of veneer sheets which are not as wide as the length of the flitch. Id. at 3,1. 22 to p. 4,1. 10.

Brand discloses several embodiments which avoid the "shim sheet" problem. The first embodiment, partially depicted in Figures 3 and 4 (reproduced below), replaces the prior-art pair of longitudinal grooves with round, dog-

receiving holes 90 and replaces the standard transversely-opposed clamping dogs with (a) a large number of stationary, round, multi-edged dogs 54 and (b) means for moving the flitch longitudinally into engagement with the edges of these dogs, this moving means including a hydraulically operated, longitudinally movable push bar 22 having round pusher pins 56 received by pusher-pin holes 92 in the flitch.

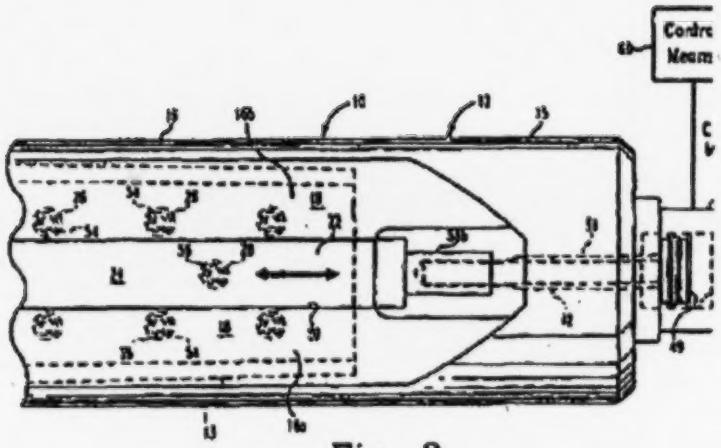


Fig. 3

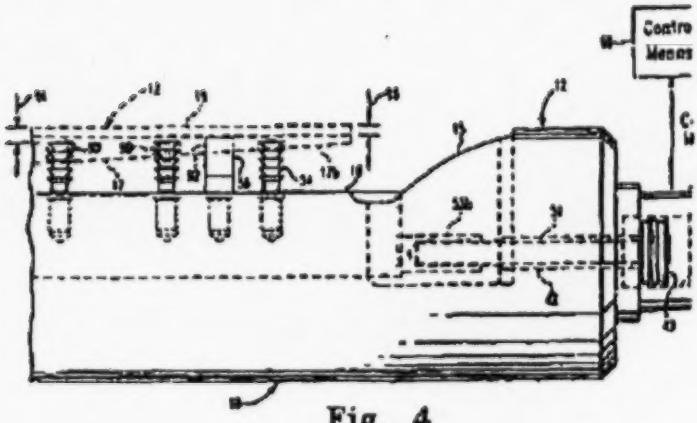


Fig. 4

As shown in Figure 4, the dog-receiving holes and the pusher-pin receiving holes increase in depth from the butt end of the flitch to the narrow end so that the uppermost

surface region of the flitch (the uppermost line in this figure) is supported parallel to the axis of rotation of the staylog and the mounting surface of the staylog and thus parallel to the edge of the veneer-cutting knife (not shown).

The embodiment depicted in Brand's Figures 8-10 involves less of a departure from the prior art. The conventional pair of longitudinal grooves are replaced by two rows of longitudinal, dado-cut holes (Fig. 8b) of increasing depth.

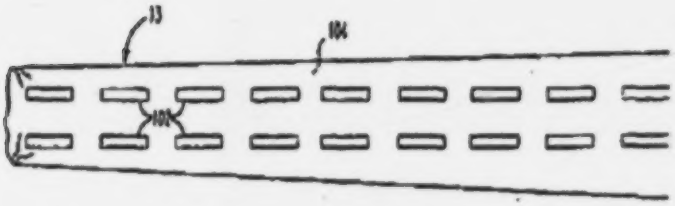


Fig. 8b

Also, the standard transversely-clamping dogs are replaced by fantail-shaped transversely-clamping dogs having knife edges which can be curved (Figs. 9a and 9b) or straight (Figs. 11 a and 11b).

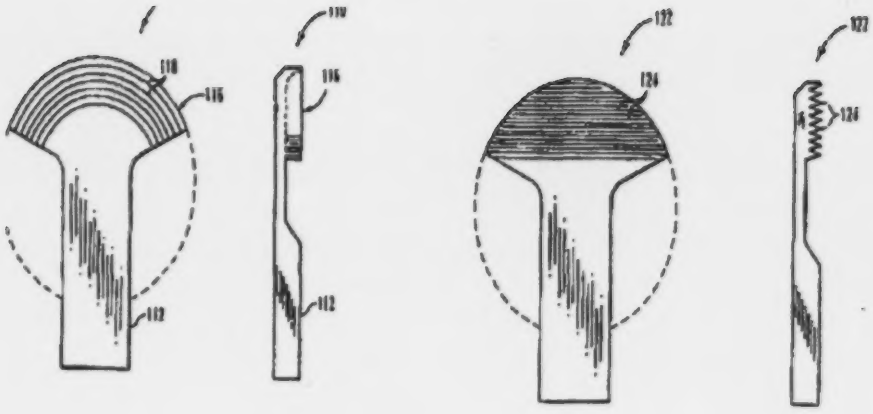


Fig. 9a Fig. 9b Fig. 11a

Fig. 11b

C. The count

As already noted, Count 1, the sole count, is defined in the declaration notice (at 5) as "Claim 1 of Miller's Patent 5,865,232 or Claim 38 of Brand's Application 09/377,120." Miller claim 1, of which Brand claim 38 is a copy, reads as follows:

> 1. A method for cutting veneer sheets from a tapered flitch, comprising the steps of
>
> providing a staylog for a veneer slicing machine having a veneer slicing knife;
>
> attaching a flitch having a tapered veneer producing face to the staylog with the tapered veneer producing face affixed in a

stable, parallel relationship with the veneer slicing knife; and

cutting veneer sheets with the veneer slicing knife from the tapered veneer producing face of the flitch.

The only claims designated as corresponding to the count in the declaration notice (at 5) are Miller claim 1 and Brand claim 38. Neither party has moved to designate any other claims as corresponding to the count.

II. MILLER'S MOTION TO FILE A CORRECTED PRIORITY STATEMENT

Miller has moved to replace his initially filed preliminary statement with a corrected priority statement which asserts dates for conception and for derivation by Brand that are about three weeks earlier than the dates asserted in the preliminary statement.

A. Material facts regarding Miller's motion[6]

1. Inventor Robert Brand, a witness for Miller, retired from Capital Machine Co., Inc. (hereinafter "Capital Machine") on December 31, 1996, "but [has] continued to develop machinery for the veneer industry and other

[6] These and the other findings of fact set forth in this opinion are supported by a preponderance of the evidence.

industries and [is] currently working independently as an unpaid consultant in association with Miller Veneers, Inc. to develop other new and useful products for use in the veneer industry." "Miller Affidavit Testimony of Robert D. Brand" (MX 2007[7]) (hereinafter, "Brand Declaration," cited as "BD [MX 2007]") at 8, ¶ 13.

2. William Koss, a witness for Brand, was Executive Vice President of Capital Machine until the November 9, 1994, passing of his father, after which he replaced his father as President. BD [MX 2007] at 8, ¶ 11; "Brand Declaration of William L. Koss" (hereinafter "First Koss Declaration," cited as "KD1 [BX 1013]") at 2, 10, ¶¶ 1, 20; "Second Brand Declaration of William L. Koss" ("Second Koss Declaration," cited as "KD2 [BX 1019]") at 9, ¶ 16.

3. In the "Order Setting Times"[8] which issued on April 28, 2004, concurrently with the declaration notice, the parties were given until July 28, 2004 (the end of Time Period 1) to file any preliminary statements and until one week later (August 4) to serve any such statements.

4. In the June 16, 2004, "Summary of Telephone Conference Call and Revised Time Schedule for Preliminary Statement,"[9] the time for filing preliminary statements was reset to end on July 23, 2004.

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[7] Also in the record as Brand Exhibit 1014.
[8] Paper No. 3, at 4 and Appendix.
[9] Paper No. 26.

5. On or about July 23, 2004, junior party Miller filed and served its "Preliminary Statement of the Party Miller,[10] which identifies Thomas Miller as the inventor of the subject matter of the count and reads in pertinent part as follows:

> 1. The first drawing of the invention was made on October 24, 25, 26 or 27, 1994. A copy is attached as Exhibit 1 [Miller Exhibit 2001].
>
> 2. The first written description of the invention was made by the inventor on October 24, 25, 26 or 27, 1994. A copy is attached as Exhibit 1.
>
> 3. The invention was first disclosed by the inventor to another person on the day after the date specified in paragraphs 1 and 2, namely on October 25, 26, 27 or 28, 1994.
>
> 4. The invention was first conceived by the inventor in October 1994. . . .
>
> 8. The date on which the invention was first communicated to opponent was on the day after the date specified in paragraphs 1 and 2, namely on October 25, 26, 27 or 28, 1994.

6. Miller Exhibit 2001, which is undated, is a single sheet of paper containing (a) a black-and-white sketch of a tapered flitch supported in the position specified in the count and (b) handwritten notations, including calculations.

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[10] Paper No. 29.

7. On or about July 23, 2004, senior party Brand filed and served the "Brand Preliminary Statement,"[11] which identifies Robert Brand as the inventor of the subject matter of the count and reads in pertinent part as follows:

> (1) The date on which the first known drawing of the invention was made on behalf of Brand was October 12, 1994. A copy of the drawing, marked BRAND EXHIBIT 1001, is filed herewith. . . .
>
> (3) The date on which the invention was first disclosed to another person was on or before October 12, 1994.

8. Brand Exhibit 1001, which was served with Brand's preliminary statement, is an engineering drawing showing a date of October 12, 1994.

9. On October 25, 2004, Miller served the "Miller Derivation and Priority Principal Brief" (hereinafter "Miller's principal brief," cited as "Miller Princ. Br.") which relies on the Brand Declaration, executed on October 22, 2004, and the "Miller Affidavit Testimony of Thomas A. Miller" (MX 2008[12]) (hereinafter "First Miller Declaration," cited as "MD1 [MX 2008]"), executed on October 25, 2004. Miller's principal brief argues derivation by Brand and, alternatively, priority.

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[11] Paper No. 32.

[12] Also in the record as Brand Exhibit 1015.

10. Miller testified that on October 7, 1994 he sent the fax which is before us as Miller Exhibit 2002, which Miller characterizes as disclosing his idea for a bugle-headed screw dog, to Koss. MDI [MX 2008] at 17-18,111 17-18.[13]

11. The following text at the top of both pages of the Miller Exhibit 2002 appears to have been printed by a dot-matrix printer:

"OCT-07-1994 14:30 FROM CURRY-MILLER VENEERS [NC. TO 6365122."

12. Robert Brand confirmed that the fax cover sheet and drawing identified as Miller Exhibit 2002 were faxed by Miller to Koss on October 7, 1994 (BD [MX 2007] at 5, ¶ 8) and that he saw this faxed sketch before beginning work on Brand Exhibit 1001. Id. at 5-6, 8- 9.

13. Regarding undated Miller Exhibit 2001, which is identified in Miller's preliminary statement as having been made "on October 24, 25, 26 or 27, 1994," Miller testified that he drew the color original sketch of which this exhibit is a black-and-white copy, "shortly after October 7, 1994" (MD1 [MX 2008] at , 28) and that he showed it to Robert Brand and William Koss on the following day. Id. at 29, 30.

14. Brand testified that he did not begin working on

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[13] This drawing and Miller Exhibit 2001, infra, are addressed in detail in the discussion ofMiller's case for derivation.

Brand Exhibit 1001 until the October 12, 1994, date which appears thereon and that this date was after he had seen the color original of Miller Exhibit 2001:

> 2. I designed and drew Brand Exhibit 1001, dated October 12, 1994, . . . while I was employed by Capital Machine Co., Inc as Vice President for Engineering. The date on the drawing indicates the date I started the drawing – not is completion date. I believe it took about a week to complete the entire drawing.
>
> 3. I did not start to draw Brand Exhibit 1001 until after Thomas A. Miller . . . presented to me Miller Exhibit 2001, a true and accurate copy of which is attached hereto, which is a copy of a colored hand-drawn drawing made by Thomas A. Miller.

BD [MX 2007] at 2, ¶¶ 2- 3.

15. The fact that Robert Brand's testimony about his drawing identifies it as Brand Exhibit 1001 implies that his testimony is based on the copy of that exhibit served or Party Miller on or about July 23, 2004.

16. Robert Brand was deposed for cross-examination by Party Brand on November 24, 2004, thirty days after service of Miller's principal brief on derivation and priority, the First Miller Declaration, and the Brand Declaration. On cross-examination, Brand reaffirmed that he had seen the

color original of the Miller Exhibit 2001 sketch before he started working on Brand Exhibit 1001. Brand Deposition (BX 1016) (cited as "BDep. [page]:[line] [MX 2009]") at 42:5 to 45:13.

17. On December 6, 2004, Senior Party Brand served the "Brand Principal Brief on Priority Issues" (hereinafter "Brand's principal brief' or "Brand Princ. Br."), accompanied by the First Koss Declaration.

18. In addition to arguing the merits of Brand's priority evidence, Brand's principal brief asserts (at 15-17) that Miller's preliminary statement precludes Miller from being credited with a date of conception earlier than October 27, 1994, which is subsequent to Brand's alleged conception date of October 12, 1994, quoting the following parts of 37

> (a) A party shall be strictly held to any date alleged in the preliminary statement. Doubts as to definiteness or sufficiency of any allegation in a preliminary statement or compliance with formal requirements will be resolved against the party filing the statement by restricting the party to its effective filing date or to the latest date of a period alleged in the preliminary statement, as may be appropriate. A party may not correct a preliminary statement except as provided by § 1.628.
>
> (b) Evidence which shows that an act alleged in the preliminary statement occurred

> prior to the date alleged in the statement shall establish only that the act occurred as early as the date alleged in the statement. . . .

In arguing that Miller's conception is restricted to the October 27, 1994, date, Brand recognizes that the assertion of a conception date "in October 1994" in paragraph 4 of the preliminary statement should be construed in light of the assertions in paragraphs 1 and 2 of the statement that the first drawing and written description were made on "October 24, 25, 26 or 27, 1994."

19. Concerning the allegation of derivation by Brand from Miller, which was raised in Miller's preliminary statement, Brand's principal brief explains (at 5): "Issues to be discussed in Brand's Opposition Brief include whether Miller has established derivation by Senior Party Brand from Junior Party Miller, or prior invention by Party Miller."

20. Both parties' opposition briefs were served on or before January 24, 2005. The "Miller Opposition Brief"[14] does not address the argument in Brand's principal brief regarding the restrictive effect of Miller's preliminary statement. Instead, Miller's opposition brief addresses Brand's priority case and reargues Miller's case for derivation, additionally relying on the "Miller Affidavit Testimony of Thomas A. Miller in Opposition to the Declaration of William L. Koss" (MX 2010). Brand's argument regarding Miller's preliminary statement is

[14] Paper No. 45.

repeated in the "Brand Opposition Brief on Priority Issues" ("Brand's opposition Brief")[15] at 19.

21. The due date for the parties' reply briefs was February 28, 2005. The "Brand Reply on Priority Issues" (hereinafter "Brand's reply brief"),[16] in addition to addressing Brand's priority evidence, addresses Miller's case for derivation, citing the Second Koss Declaration, served therewith. The "Miller Reply Brief"[17] includes, at 12-13, a section entitled "Rule 41.120(c) Request for Entry of a Corrected Preliminary Statement of the Party Miller" and was accompanied by a copy of a "Corrected Preliminary Statement of the Party Miller."[18]

22. In a March 2, 2005, "Order – Miscellaneous – Bd. R. 104(a), Return of Unauthorized Corrected Priority Statement,"[19] Miller was (1) advised that the corrected priority statement was being returned because it was as not accompanied by the motion required under Bd. R. 120(c) and (2) authorized to file and serve such a motion (including the corrected statement) no later than March 3, 2005, together with a substitute reply brief not including a request for entry of the corrected statement.

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[15] Paper No. 46.
[16] Paper No. 51.
[17] Paper No. 48. Brand's reply brief was served on February 28, 2005. The exact service date of Miller's reply brief, which was returned for the reasons given below, is unknown.
[18] Paper No. 49.
[19] Paper No. 53.

23. On March 3, 2005, Miller filed and served the "Miller Substitute Reply Brief,"[20] "Miller Miscellaneous Motion No. 1 for Correction of Priority Statement,[21] and "Party Miller Corrected Preliminary Statement."[22] The corrected priority statement asserts dates nearly three weeks earlier than those asserted the initially filed preliminary statement and reads in pertinent part as follows:

> 1. The first drawing of the invention was made after October 7, 1994, and before October 12, 1994. A copy is attached as Exhibit 1 [Miller Exhibit 2001].
>
> 2. The first written description of the invention was made by the inventor after October 7, 1994, and before October 12, 1994. A copy is attached as Exhibit 1.
>
> 3. The invention was first disclosed by the inventor to another person on a day after October 7, 1994, and before October 12, 1994. . .
>
> 8. The date on which the invention was first communicated to opponent was on a day after October 7, 1994, and before October 12, 1994.

24. On March 4, 2005, Miller filed an "Errata for Miller Substitute Reply Brief"[23] and an "Errata for Miller Miscellaneous Motion No. 1 for Correction of Priority

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[20] Paper No. 54.
[21] Paper No. 55
[22] Paper No. 56.
[23] Paper No. 57.

Statement."[24]

25. In response to a March 8, 2005, "Order Miscellaneous — Bd. R. 104(a)"[25] objecting to the filing of such "errata," Miller, as authorized, timely filed and served a "Miller Second Substitute Reply Brief"[26] (hereinafter, "Miller's reply brief') and "Miller Substitute Miscellaneous Motion No. 1 for Correction of Priority Statement"[27] (hereinafter "Motion") presumably incorporating the corrections set forth in the errata.

26. The Brand opposition to the motion argues that a copy of the drawing before us as Brand Exhibit 1001 was shown and its October 12, 1994, date discussed at an April 17, 1996, meeting in a conference room at Capital Machine attended by the following: Thomas Miller, Ben Miller (Thomas's brother), Sandy Sando (sister of Thomas and Ben), Bill Miller (father of Thomas, Ben, and Sandy), Clifford Browning (attorney representing Miller Veneers), David Badger and Richard Veltman (attorneys representing Capital Machine), Robert Brand, and William Koss. As support, the opposition cites the "Third Brand Declaration of William Koss" (BX 1022). The Miller reply counters with declarations to the contrary by Thomas Miller, Ben Miller, Sally Sando, and Bill Miller,[28] who recall attending a

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[24] Paper No. 58.
[25] Paper No. 59.
[26] Paper No. 60.
[27] Paper No. 61.
[28] "Miller Third Affidavit Testimony of Thomas A. Miller" (MX 2011), "Miller Affidavit Testimony of Ben Miller" (MX 2012), "Miller

meeting at that place and time but deny that the drawing now before us as Brand Exhibit 1001 or its date was discussed.

B. Discussion of Miller's motion

Miller does not deny that his initial preliminary statement, if left uncorrected, will preclude him from being credited with a conception date prior to October 27, 1994, or a date of communication of the invention to Brand prior to October 28, 1994. The restrictive effect of the date allegations in a preliminary/priority statement, previously set forth in §§ 1.629(a) and (b), is now addressed by Bd. R. 120(b), as explained in the response to Comment 182 in the above-mentioned notice of rulemaking:

> Comment 182: One comment expresses concern that senior parties must file a priority statement and suggests that parties be bound by their preliminary statements.
>
> Answer: parties are bound by their preliminary statements (§ 41.120(b)). Senior parties do not have to file a priority statement if they do not intend to put on a priority case.

69 Fed. Reg. at 49,993; 1286 Official Gazette Pat. & Trademark Off. at 48. Bd. R. 120(b) provides:

Affidavit Testimony of Sally Sando" (MX 2013), and "Miller Affidavit Testimony of Bill Miller" (MX 2014).

(b) Effect. If a notice under paragraph (a) of this section is required, a party will be limited to filing substantive motions consistent with the notice. Ambiguities in the notice will be construed against the party. A notice is not evidence except as an admission by a party-opponent.

Furthermore, the procedure for correcting a preliminary/priority statement, formerly governed by § 1.628(a),[29] is now governed by Bd. R. 120(c):

(c) Correction. A party may move to correct its notice. The motion should be filed promptly after the party becomes aware of the basis for the correction. A correction filed after the time set for filing notices will only be entered if entry would serve the interests of justice.

The Practice Note for Bd. R. 120, which appears in the

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[29] Section 1.628(a) provides:

(a) A material error arising through inadvertence or mistake in connection with a preliminary statement or drawings or a written description submitted therewith or omitted therefrom may be corrected by a motion (§ 1.635) for leave to file a corrected statement. The motion shall be supported by an affidavit stating the date the error was first discovered, shall be accompanied by the corrected statement and shall be filed as soon as practical after discovery of the error. If filed on or after the date set by the administrative patent judge for service of preliminary statements, the motion shall also show that correction of the error is essential to the interests of justice.

"Contested Case Practice Guide" at 22, explains that "[t]he principal types of notices under Bd. R. 120 are priority statements (formerly "preliminary statements") in interferences and motions lists. More detail is provided in Bd. R[.] 204 and SO [Standing Order] ¶ 26."

Miller makes two arguments regarding the interpretation of Board Rule 120(c). The first is to suggest that the rule must be liberally construed because it employs the permissive phrase "should be filed promptly" (emphasis added) instead of "must be filed promptly" or "shall be filed promptly." Motion at 7, ¶ 1. Miller has cited no authority for treating "should" in this Board Rule as being more permissive that "must" or "shall," and we are aware of none.

Miller's second argument is that the timeliness of his motion should be evaluated in light of the "interests of justice" requirement appearing in the last sentence of Board Rule 120(c). Motion at 7, ¶ 2. Strictly speaking, the "promptness" requirement is separate from the "interests of justice" requirement in that rule – the "promptness" requirement applies to all motions to correct notices, whereas the "interests of justice" requirement is limited to motions to correct which are filed after the time set for filing the notices."[30] The question of whether the failure to promptly file a motion to correct a priority statement should excused is to be judged by Board Rule 4, a general Board provision

[30] As Miller's motion was filed after the parties' preliminary statements were served, it must satisfy both requirements.

which reads in pertinent part as follows:[31]

§ 41.4 Timeliness

. . . .

(b) Late filings. . . .

(2) A late filing that does not result in either an application becoming abandoned or a reexamination proceeding becoming terminated under §§ 1.550(d) or 1.957(b) or (c) of this title will be excused upon a showing of excusable neglect or a Board determination that consideration on the merits would be in the interest of justice.

Miller's"interests of justice" arguments therefore will be considered under the "excusable neglect" and "interest of justice" provisions of Board Rule 4(b)(2).

The requirement for promptness in filing a motion to correct is measured from the point in time when a party "becomes aware of the basis for correction." Board Rule 120(c). Brand's contention that the drawing before us as Brand Exhibit 1001 was shown to Thomas Miller and counsel Cliff Browning at a meeting on April 17, 1996, and

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[31] Board Rule 4(b)(2) replaced § 1.645(b), which read:

(b) Any paper belatedly filed will not be considered except upon notion (§ 1.635) which shows good cause why the paper was not timely filed, or where an administrative patent judge or the Board, sua sponte, is of the opinion that it would be in the interest of justice to consider the paper. . . .

that its October 12, 1994, was discussed at that meeting is not supported by the weight of the evidence, as Koss's testimony to that effect (BX 1022 at 2, ¶ 2) is contradicted by the testimony of Thomas Miller (MX 2011 at 2, ¶ 2), Ben Miller (MX 2012 at 2, ¶ 2), Bill Miller (MX 2013 at 2, ¶ 2), and Sally Sando (MX 2014 at 2, ¶ 2).

We therefore accept Party Miller's contention that although it was served with Brand Exhibit 1001 on or about July 23, 2004, as part of the Brand Preliminary Statement, it did not learn until the October 22, 2004, Brand Declaration that Miller Exhibit 2001, which is undated, was made by Thomas Miller and communicated to Party Brand prior to the October 12, 1994, date on Brand Exhibit 1001. Specifically, the motion asserts that the Brand Declaration "was the first evidence that Party Miller had in hand that suggested that Miller Exhibit No. 2001 existed prior to October 12, 1994, and had been seen by Robert D. Brand before he designed and drew Brand Exhibit No. 1001." Motion at 3, ¶ 9. Thus, the date when Miller became aware of the basis for correction is the October 22, 2004, execution date of the Brand Declaration, which is eighteen weeks before the February 25, 2005, filing date of Miller's initial reply brief containing the first request to file a corrected priority statement.[32]

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[32] The motion (at 3, ¶ 10) also characterizes the Brand Declaration as "the first evidence obtained by Party Miller that Party Brand had received a two-page facsimile transmission [Miller Exhibit 2002] from Thomas A Miller on October 7, 1994, . . . which Robert D. Brand remembers was sent to Party Brand before Robert D. Brand first saw Miller Exhibit No. 2001." This testimony by Brand did not add information regarding

Miller has not persuaded us that this lengthy delay should be excused on the ground of "excusable neglect" or in the "interest of justice" under Board Rule 4(b)(2).[33] Regarding the one-month delay between the October 22, 2004, execution date of the Brand Declaration and his November 24, 2004, cross-examination deposition, Miller argues: "Party Miller recognized that Party Brand would surely cross-examine Party Brand's named inventor Robert D. Brand on his testimony in the [Brand Declaration] before Party Brand filed what Party Miller expected to be "Party Brand's Derivation and Priority Principal Brief. "Motion at 4, ¶ 11. However, the mere possibility that the testimony in question might be altered or even recanted by the witness during cross-examination does not justify a delay in filing the motion. Indeed, the Brand Declaration testimony was made with the knowledge that willful false statements are punishable by fine or imprisonment or both under 18 U.S.C. § 1001 (BD [MX 2007] at 9, last paragraph) and thus provided a sufficient basis for a motion to file a corrected priority statement. In any case, this excuse, if accepted, would excuse the delay only up to Brand's November 24, 2004, deposition testimony (BDep. [MX 2009] 42:5 to 45:13), wherein he reaffirmed his declaration testimony

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relative dates that was not known to the Party Miller prior to the Brand Declaration and thus does not provide support for correcting the dates in the preliminary statement.

[33] For the same reasons, we are unpersuaded that the delay should be excused under the "interest of justice" standard of

about having seen Miller Exhibit 2001 before he began work on Miller Exhibit 1001.

Miller also contends that the first three months of delay following the Brand Declaration should be excused on ground that "it was at least reasonable for Party Miller to delay requesting a correction of its Priority Statement until it was reasonably certain that Robert D. Brand's testimony concerning the date correction would remain uncontroverted" (Motion at 8, ¶ 4), implying that this reasonable certainty was not established until the January 24, 2005, service date of Brand's opposition brief, which addressed Miller's case for derivation without relying on any evidence allegedly controverting Brand's testimony about when he saw Miller Exhibit 2001. This argument likewise ignores the fact that the Brand Declaration alone provided a sufficient basis for filing the motion.

Miller's argument that the failure of Brand's principal brief to address the merits of Miller's case for derivation "had the practical effect of depriving Party Miller of an opportunity to file an Opposition Brief to the initial Party Brand derivation arguments" (Motion at 4, ¶ 14) incorrectly assumes that the claim of derivation recited in Miller's preliminary statement should have been addressed in Brand's principal brief. That brief properly indicated that Miller's case for derivation, which is a Miller case-in-chief argument, would be addressed in Brand's opposition brief: "Issues to be discussed in Brand's Opposition Brief include whether Miller has established derivation by Senior Party Brand from Junior Party Miller, or prior invention by Party Miller." Brand

Princ. Br. at 5. Cf. 37 C.F.R. § 1.656(b)(6) (requiring the argument portion of a party's brief to address only the contentions of the party with respect to the issues it is raising for consideration at final hearing); Patent Appeals and Interferences — Final Rule, 60 Fed. Reg. 14,488, 14,516 (Mar. 17, 1995), reprinted in 1173 Official Gazette Pat. & Trademark Off. 36, 60 (Apr. 11, 1995) ("In order to clarify that the opening brief of a junior party need not address the evidence of the other parties, § 1.656(b)(6), as adopted, is revised to require only that the junior party's opening brief contain the contentions of the party 'with respect to the issues it is raising for consideration at final hearing.' These issues would include the junior party's case-in-chief for priority with respect to an opponent or derivation by an opponent as well as matters raised in any denied or deferred motions of the junior party that are to be reviewed or considered at final hearing.").

Miller next argues that

> Party Brand has known [since] before filing its first brief in this Interference that the October 27, 1994, date [asserted in the Miller Preliminary Statement] was corrected in the evidentiary record to a date prior to October 12, 1994, by the uncontroverted testimony of Party Brand named inventor Robert D. Brand within his Affidavit and upon his cross examination taken thereon by Party Brand.

(Motion at 9-10, ¶ 11) and asks:

> [H]ow can the interests of justice be served if the uncontroverted testimony to date of Robert D. Brand, the sole named inventor of Party Brand's application, whose memory was refreshed by dated Party Brand documents, is allowed to be trumped by incorrect dates set forth in the Preliminary Statement of the Party Miller that were selected solely from the memory of Thomas A. Miller without the aid of dated documents about his interactions with Party Brand that occurred in October 1994, almost 10 years earlier?

Id. at 10, ¶ 12. Assuming for purposes of this discussion that Brand's testimony in fact remains uncontroverted (a point disputed by Party Brand), we nevertheless do not agree that the interests of justice would be served by permitting Party Miller to file a corrected priority statement so long after the basis for correction was known to Party Miller. As explained in I C. Rivise and A. Caesar, Interference Law and Practice § 101 (1940), motions to correct preliminary statements were denied in the following cases at least in part because they were presented an unreasonable time after the need for the motions became apparent: Hess v. Dreyfus, 104 F.2d 801, 803, 42 USPQ 142, 144 (CCPA 1939); Romine v. Hodges, 1929 C.D. 3, 4 (Comm'r Pats. 1928); Green v. Farley, 1908 C.D. 12, 13 (Comm'r Pats. 1907); and Andrews v. Nilson, 1903 C.D. 287, 288 (Comm'r Pats. 1903).

For the foregoing reasons, we are not persuaded that the delay in filing the motion after obtaining the Brand Declaration should be excused on the ground of "excusable

neglect" or in the "interest of justice" under Board Rule 4(b)(2) and are therefore denying the motion on that ground. As a result, it is not necessary for us to consider whether Miller has demonstrated that due care was exercised in the preparation of the initially filed preliminary statement, as required by the "interests of justice" requirement of Board Rule 120(c), which must be satisfied where, as here, the motion to correct was filed after service of the Brand Preliminary Statement. Bd. R. 120(c). Cf. Fleming v. Bosch, 181 USPQ 761, 763 (Bd. Pat. Int. 1973) (holding that the "essential to the ends of justice" requirement of Rule 222, the predecessor of § 1.628, which is the predecessor of Board Rule 120(c), "has been interpreted to require a showing demonstrating that the moving party was not negligent in preparing the original preliminary statement and that error could not have been avoided by the exercise of due care."[34]

As noted, supra, the effect of denying the motion is to preclude Miller from being credited with proving dates earlier than those recited in the originally filed preliminary statement. Board Rule 120(b). Furthermore, Miller will be restricted to the latest dates in the ranges of dates recited in

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[34] The requirement for a showing of due care in preparing the preliminary statement which is the subject of a motion to correct is also discussed in Winter v. Lebourg, 394 F.2d 575, 580-81, 157 USPQ 574, 577-78 (CCPA 1968) (quoting with approval Interference Law and Practice § 100); Methudy v. Roy, 65 F.2d 171, 173, 17 USPQ 505, 508 (CCPA 1933); Holsag v. Steinert, 143 F.2d 661, 664, 62 USPQ 77, 80 (CCPA 1944); Spraul v. DuRose, 145 USPQ 222, 230-31 (Bd. Pat. Int. 1965); and Moler v. Purdy, 131 USPQ 276, 279 (Bd. Pat. Int. 1960).

the preliminary statement. See Board Rule 120(b) ("Ambiguities in the notice will be construed against the party."). Cf. 37 C.F.R. § 1.629(a) ("Doubts as to definiteness or sufficiency of any allegation in a preliminary statement . . . will be resolved against the party filing the statement by restricting the party to . . . the latest date of a period alleged in the preliminary statement." As a result, Miller cannot be credited with a date earlier than October 27, 1994, for making the first drawing of the invention (the original of MX 2001) or the first written description of the invention or a date earlier than October 28, 1994, for disclosing the invention to another or communicating a conception to Party Brand. Consistent with this holding, the assertion that "[t]he invention was first conceived by the inventor in October, 1994" will be treated as asserting a conception date no earlier than October 27, 1994, and the assertion that "reasonable diligence toward an actual reduction to practice began in October, 1994" will be treated as asserting that diligence began no earlier than October 27, 1994.

II. SUMMARY OF MILLER'S ARGUMENTS FOR PRIORITY

Restricting Party Miller to the above dates is not enough, in and of itself, to preclude it from prevailing on either of the two alternative grounds offered in its principal brief:

(1) derivation of the invention from Party Miller by Party Brand, which requires Miller to prove "prior conception of the claimed subject matter and communication of the conception to the adverse claimant." Cooper v.

Goldfarb, 154 F.3d 1321, 1332, 47 USPQ2d 1896, 1905 (Fed. Cir. 1998) (quoting Price v. Symsek, 988 F.2d 1187, 1190, 26 USPQ2d 1031, 1033 (Fed. Cir. 1993)); or

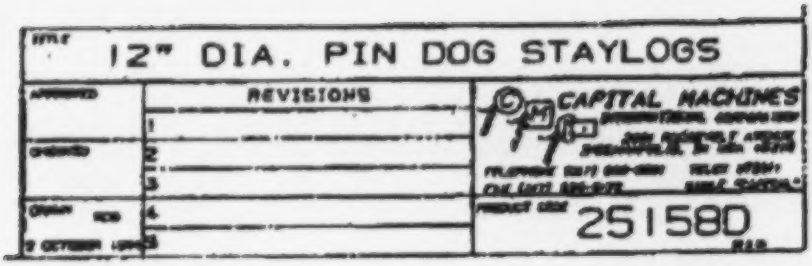
(2) entitlement to an award of priority as the party which was first to conceive and first to reduce to practice, which is based on Miller's assertion of an actual reduction to practice in April 1994, prior to Brand's May 31, 1995, benefit date. Lutzker v. Plet, 843 F.2d 1364, 1366, 6 USPQ2d 1370, 1371 (Fed. Cir. 1988).

Both of these arguments require Miller to prove a conception date prior to Brand's conception date. We will begin by determining with Brand's conception date.

III. BRAND'S CASE FOR CONCEPTION

A. Material facts

1. The earliest document which Brand characterizes as demonstrating conception of the subject matter of the count is Brand Exhibit 1001, which is a 24" x 36" drawing testified he made using a computer-aided drawing system (BDep. [MX 2009] at 74:14 to 75: 9) and which includes the following information in the lower right-hand corner:



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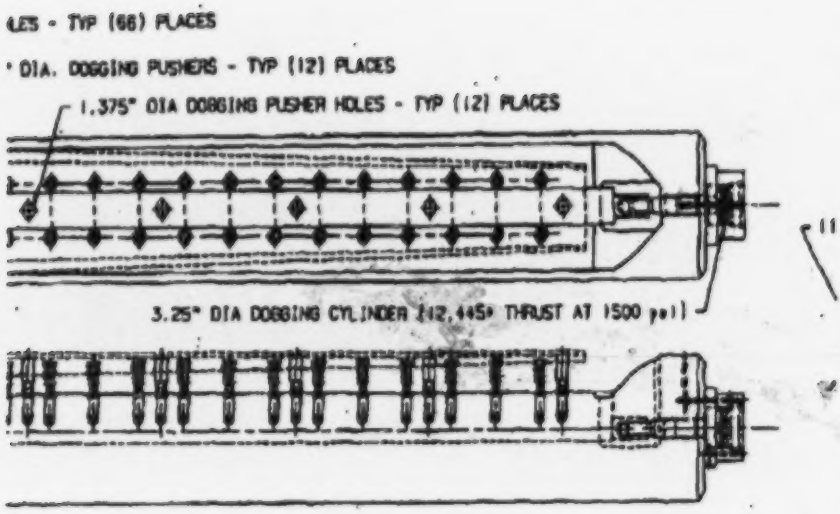
2. In box labeled "DRAWN, the initials "RDB" are those of inventor Robert D. Brand and the date is "12 OCTOBER 1994," of which the first "1" is located slightly outside of the box. BDep. [MX 2009] 74:25 to 75:3. Brand testified that the date was printed on the drawing by the computer and was entered manually into the computer rather than being automatically determined by the computer. BDep. [MX 2009] at 74:14 to 75:6. The "PRODUCT CODE" box includes the number "25158D."

3. This page of drawings includes nine figures: three figures each for staylogs having lengths of 170", 148", and 125". As is apparent from the following reproduction of a portion of the figures which depict the 170" embodiment, the figures closely resemble Figures 1-7 of Brand's involved application in that they show a flitch having round holes of varying depths which receive multi-edged round dogs or longitudinally movable pusher pins, with the flitch being supported with its uppermost surface region parallel to the rotational axis of the staylog and thus implicitly parallel to the edge of the veneer-cutting knife.



12" DIA. STAYLOG

4. Brand testified that it was his normal practice to enter the date when he began working on a drawing (BDep. [MX 2009] 44:17 to 45:7 and 75:12-18) and that he "believe[s] it took about a week to complete the entire drawing." BD [MX 2007] at 2, ¶ 2.

5. Brand's cross-examination revealed that he had no recollection of the date independent of the date appearing on the drawing:

Q This drawing [BX 1001] shows these multi-headed pin dogs, does it not?

A Yeah.

Q Is this the first time you drew a

drawing that showed that?

A Hmmmmmmm, I don't know. This is more of a formal drawing. Uhhh, it may have been, uh, you know, started as --

When I drew this, we were actually talking about making the staylog.

Do you mean is it similar to making the fixtures? We made fixtures before that had pin dogs on them.

Q This type of pin dog with the multiple heads?

A Uh-huh. Sure. Uh-huh.

Q When did you first do that?

A Well, I think it was back in the early part of '95 actually. I believe. MR. KOSS: This is dated '94, I think.

BY MR GREEN:

Q Yes, this is dated in October.

A Well, I don't know. Let's see. Let me think.

I think I actually probably did make this drawing before we made the fixtures, because this was the idea, to make what we made, decided to make the fixtures from is what I'm saying, yeah.

> Q So this was probably the first drawing that you --
> A Yeah, or some parts of this, and the way these are actually fitting it into a staylog and doing the fine details that were on this drawing, yeah, I probably made some other minor drawings ahead of that. I don't know. I assume I did. I don't know.

BDep. [MX 2009] 75:19 to 77:1.

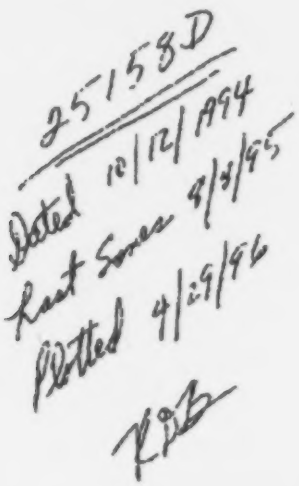
6. Regarding the number "25158D" in the "PRODUCT CODE" box, "25" indicates that the drawing is part of a series of drawings of staylog lathes, "158" is the page number in that series, and "D" represents the size of the sheet of drawings. BDep. [MX 2009] 78:9 to 79:5.

7. Brand Exhibits 1006 to 1010 are 24" x 36" drawings similar to Brand Exhibit 1001. Exhibits 1006 and 1010 indicate they were "DRAWN" by "RDB" on October 12, 1994, and Exhibits 1007 to 1009 indicate they were "DRAWN" by "RDB" on October 14, 1994.

8. Party Brand's counsel, Mr. Green, explained during Robert Brand's cross-examination that these five drawings, which are not mentioned in the Brand Declaration, were obtained from Capital Machine. BDep. [MX 2009] 83:10-22 and 89:22-23.

9. Brand Exhibits 1006 to 1010 also include the handwritten notations representing when they were drawn,

"Last saved," and/or "Plotted." In Brand Exhibit 1010, for example, these notations are as follows, with "Last saved" being incorrectly written "Last Saves":



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Brand Exhbit No. 1010

Brand testified that the "Last saved" dates were generated by the computer and represent the last date the drawing was revised (BDep. [MX 2009] 84:23 to 85:5 and 91:10-12) and that the "Plotted" dates represents the dates when the drawing we printed by a computer-controlled plotter. Id. at 84:15-22.

10. The "Last saved" dates for the drawings are "8/8/95" for BX 1006 and 1010; "2/7/96" for BX 1007; and "10/17/94" for BX 1008 and 1009.

11. Apart from the above handwritten notations, Brand Exhibit 1010, which has a "Last saved" date of "8/8/95," appears to be identical to Brand Exhibit 1001, including having the same "Product Code" (25158D).

12. Brand Exhibit 1006, which also has a "Last saved" date of "8/8/95," has the same "25158D" product code as Brand Exhibits 1001 and 1010 but has somewhat different figures, including having different dimensions on the end views and showing a nontapered flitch.

13. None of Brand Exhibits 1001 and 1006 to 1010 include any information in the "REVISIONS" box.

14. Koss testified as follows in the First Koss Declaration about the dates of the Brand Exhibits 1001 and BX 1006 to 1010:

> 19. I have reviewed the drawings marked as Brand Exhibits 1001 and 1006 through 1010. Each of these drawings was made at my direction by Bob Brand as a employee of Capital Machine, on or about the dates in October, 1994, indicated on the drawings. The drawings were the first step both in actually building a veneer-slicing machine that would slice a tapered flitch, and in crystallizing the ideas involved in such a machine, so that a patent application on the idea could be filed.

KD1 [BX 1013] at 9, ¶ 19.

15. The Second Koss Declaration, in discussing Brand Exhibits 1001 and 1006 to 1010, asserts that it was shortly after October 7, 1994, the date when Thomas Miller sent the fax (MX 2002) including the sketch of the bugle-headed screw dog, and before Brand saw Miller Exhibit 2001 in late October that he (Koss) authorized Brand to draw his (Brand's) own ideas for cutting veneer from tapered flitches, which are depicted in Brand Exhibits 1001 and 1006 to 1010. KD2 [BX 1019] at 9-11, ¶ 16.

16. Miller testified that sometime in November 1994 Brand showed him Brand's prototype pin dog, which had five annular holding teeth on it, whereas Miller's proposed bugle-headed screw dog had only one holding tooth. MD1 [MX 2008] at 26-27, ¶ 41.

17. Brand Exhibit 1002 is a December 14, 1994, cover letter from Richard J. Veltman (of Willian Brinks Hofer Gilson & Lione) to Robert Brand explaining that "[e]nclosed are copies of draft patent applications for the METHOD AND APPARATUS FOR RETAINING A FLITCH FOR CUTTING and METHOD AND APPARATUS FOR CUTTING VENEER FROM A TAPERED FLITCH, along with a copy of the informal drawings" and giving the file numbers as 970/009 and 970/010. The draft applications and drawings are not part of the record before us.

18. Brand Exhibit 1003 is a March 23, 1995, cover letter from Veltman to Robert Brand explaining that the enclosed draft of the application entitled "METHOD AND

APPARATUS FOR RETAINING A FLITCH FOR CUTTING," file number 970/009, "includes revisions incorporating the dado cuts in the flitch mounting surface and semi-circular dogs shaped to fit the dado cuts." The record before us does not include a copy of this draft application.

19. Koss testified that Brand Exhibit 1005 is a May 10, 1995, cover letter from Veltman to Brand for the third and final draft of the application. KD1 [BX 1013] at 10, ¶ 21.

20. Brand's Exhibit List[35] identifies Brand Exhibit 1004 as a copy of the final draft of the application. Brand testified that this exhibit appears to be a copy of his patent application but did not testify that it is identical to the draft that accompanied Veltman's May 10, 1995, letter. BDep. [MX 2009] 81:3-8. Koss's testimony does not mention this exhibit.

21. Brand's earliest benefit application (08/455,479) was filed on May 31, 1995.

22. Brand testified that "[i]n the Spring of 1995" he designed and Capital Machine constructed a three-foot-long test fixture using Brand's proposed stationary, round, multi-edged dogs received by round holes in the flitch and a hand-actuated hydraulic cylinder for longitudinally moving flitches into engagement with the multi-edged dogs. BD [MX 2007] at 7, ¶ 10. Koss repeats the "Spring of 1995"

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[35] Paper No. 74.

date and confirms that the test fixture used multi-headed dog pins. KD1 [BX 1013] at 7-8, ¶¶ 14-15. Thomas Miller gives the date of these tests as April 1995 (MD1 [MX 2008] at 29, ¶ 48) and agrees that the fixture employed Brand's multi-headed pin dogs. MD I [MX 2008] at 28, ¶ 45.

23. Brand and Miller testified that this test fixture was mounted on the standard staylog by means of being clamped between the standard dogging dogs. BDep. [MX 2009] 95:20 to 96:7; MD1 [MX 2008] at 28, ¶ 45.

24. The current location of this test fixture is unknown. BDep. [MX 2009] at 49:20-25.

25. Although the Brand Declaration testimony asserts that the spring 1995 tests of the three-foot-long fixture were performed using tapered flitches having drilled holes of different depths (BD [MX 2007] at 7-8, ¶ 10), he couldn't recall during cross-examination whether they were tapered or not:

> Q Were they tapered flitches?
>
> A I don't remember. It wouldn't have made any difference because, if they were or they weren't, the idea was to see whether they would hold on there. And if they weren't tapered and we wanted tapered flitches, we would just drill holes in the bottom to make them tapered flitches. So the outside didn't necessarily come up parallel -
>
> Well, I don't know how it was. I don't remember how we did that exactly.

BDep. [MX 2009] 94:11-20.

26. Koss likewise did not recall that the tested flitches were tapered. KD1 [BX 1013] at 7, ¶ 14.

27. Miller, on the other hand, testified that they were. MD 1 [MX 2008] at 29, ¶¶ 48, 50. Although Miller testified that Capital Machine made a video tape of the tests using the three-foot test fixture (MD1 [MX 2008] at 29, ¶ 49), the record does not include a video tape of these tests, although it does contain video tapes of other tests conducted in 1996 (BX 1012 and 1021).

28. Brand testified that he viewed his invention as being the use of multi-edged pin dogs to support a flitch, regardless of its shape:

A. I think the fact that, whether it's got a wedge in it or not, uh, and how the flitch is prepared, the dogging system that I designed works for every kind of flitch that I can think of. Whether it's tapered, whether it's not tapered, whether it's bowed, whether it's bent or whatever, it works.

Q And by the dogging system you invented --

A The pin dogs with multiple rings

BDep. [MX 2009] 58:9-16.

B. Discussion regarding Brand's conception date

> Conception is the formation "in the mind of the inventor of a definite and permanent idea of the complete and operative invention, as it is therefore to be applied in practice." Coleman v. Dines, 754 F.2d 353, 359, 224 USPQ 857, 862 (Fed. Cir. 1985) (quoting Gunter v. Stream, 573 F.2d 77, 80, 197 USPQ 482, 484 (CCPA 1978)) (emphasis omitted). Conception must include every feature or limitation of the claimed invention. Davis v. Reddy, 620 F.2d 885, 889, 205 USPQ 1065, 1069 (CCPA 1980).

Kridl v. McCormick,105 F.3d 1446, 1449, 41 USPQ2d 1686, 1589 (Fed. Cir. 1997). Furthermore, as explained in Chen v. Bouchard, 347 F.3d 1299, 1309, 68 USPQ2d 1705, 1712 (Fed. Cir. 2003):

> It is well established that when a party seeks to prove conception via the oral testimony of a putative inventor, the party must proffer evidence corroborating that testimony. See Mahurkar v. C.R. Bard. Inc., 79 F.3d 1572, 1577 (Fed. Cir.1996); Price v. Symsek, 988 F.2d 1187, 1194 (Fed. Cir.1993).
>
> That rule addresses the concern that a party claiming inventorship might be tempted to describe his actions in an unjustifiably self-serving manner in order to obtain a patent or to maintain an existing patent. See Eibel Process Co. v. Minn. & Ont. Paper Co., 261 U.S. 45, 60, 43 S. Ct. 322, 67 L. Ed. 523 (1923); Kridl v. McCormick, 105 F.3d 1446,

1450 (Fed. Cir.1997) ("The tribunal must also bear in mind the purpose of corroboration, which is to prevent fraud, by providing independent confirmation of the inventor's testimony."); Price, 988 F.2d at 1194-95. There is no particular formula that an inventor must follow in providing corroboration of his testimony of conception. See Kridl, 105 F.3d at 1450. Rather, whether a putative inventor's testimony has been sufficiently corroborated is determined by a "rule of reason" analysis, in which "an evaluation of all pertinent evidence must be made so that a sound determination of the credibility of the inventor's story may be reached." Price, 988 F.2d at 1195. However, that "rule of reason" analysis does not alter the requirement of corroboration of an inventor's testimony. Brown v. Barbacid, 276 F.3d 1327, 1335 (Fed. Cir. 2002). Evidence of the inventive facts must not rest alone on the testimony of the inventor himself. Cooper v. Goldfarb, 154 F.3d 1321, 1330 (Fed. Cir. 1998).

The requirement for corroboration extends to the inventor's own documents and the dates on those documents. See Hahn v. Wong, 892 F.2d 1028, 1032-33, 13 USPQ2d 1313, 1317 (Fed. Cir. 1989) (The inventor . . . must provide independent corroborating evidence in addition to his own statements and documents. See Lacotte v. Thomas, 758 F.2d 611, 613, 225 USPQ 633, 634 (Fed. Cir. 1985)"); Price, 988

F.2d at 1196, 26 USPQ2d at 1037-38 (corroboration of date appearing on document held sufficient where witness testified she recalled seeing drawing on or around that date); Cislak v. Wagner, 215 F.2d 275, 278, 103 USPQ 39, 41 (CCPA 1954) ("It [is] an essential requirement that evidence be offered to show that an exhibit . . . was, in fact, made on the date appearing thereon.").

Of the engineering drawings before us as Brand Exhibits 1001 and 1006 to 1010, all of which are dated either October 12 or October 14, 1994, the only exhibits which show tapered flitches are Brand Exhibits 1001, 1007, and 1010. In all of these exhibits, the round, multi-edged dogs support each tapered flitch with its uppermost surface region parallel to the axis of rotation of the staylog and thus necessarily also parallel to the edge of the veneer-cutting knife (not shown). As a result, each of these exhibits demonstrates conception of the subject matter of at least the count alternative which is Brand method claim 38.

However, the evidence before us fails to establish that any of these drawings depicted a tapered flitch supported in this position prior to Brand's May 31, 1995, benefit date. Robert Brand's testimony that it was his usual practice to put the date on a drawing when he began working on it (BDep. [MX 2009] 44:17-22; 75:12-18) and his testimony that he believes it took him about a week to complete Brand Exhibit 1001 (BD [MX 2007] at 2, ¶ 2) are not adequately corroborated by Koss, the only other witness to testify about these drawings. Koss's testimony that each of the drawings "was made at my direction by Bob Brand as a employee of

Capital Machine, on or about the dates in October, 1994, indicated on the drawings" (KD 1 [BX 1013] at 9, ¶ 19) fails to distinguish between commencement and completion dates and more particularly fails to explain when Brand Exhibits 1001, 1007, and 1010 first included a tapered flitch. That these drawings did not necessarily always include a tapered flitch is evident from the fact that Brand Exhibits 1006, 1008, and 1009 depict essentially the same staylog apparatus supporting nontapered flitches, which is consistent with Brand's testimony that his invention was the use of multi-edged pin dogs to support a flitch, regardless of "[w]hether it's tapered, whether it's not tapered, whether it's bowed, whether it's bent, or whatever." BDep. [MX 2009] 58:9-16.

Nor is there any corroboration of Robert Brand's testimony regarding his handwritten "Last saved" dates on Brand Exhibits 1006 to 1010, which he testified represent the last date each drawing was amended. BDep. [MX 2009] 84:15-22. Furthermore, that testimony, if corroborated, would contradict rather than support his testimony that he believes that Brand Exhibit 1001, which does not have a "last saved" date, was completed within one week of the October 12,1994, "DRAWN" date. The reason is that the drawings and dimensions in Brand Exhibit 1010 (Product Code 25158D), which shows a "Last saved" date of "8/8/85," are identical to those in Brand Exhibit 1001 (also Product Code 25158D), which suggests that that exhibit likewise represents the state of the drawings as of that date. The only drawings having "Last saved" dates prior to the end of October 1994 are Brand Exhibits 1008 and 1009 (both "Last saved" on "10/17/94), which depict nontapered flitches.

For the foregoing reasons, the earliest corroboration of the idea of a staylog designed to support tapered flitches is Veltman's December 14, 1994, cover letter (BX 1002) to Robert Brand, which explains it is accompanied by a draft of an application entitled "METHOD AND APPARATUS FOR CUTTING VENEER FROM A TAPERED FLITCH" (File No. 090/010). KD1 [BX 1013] at 10, ¶ 21. However, as no copy of that draft application is in the record and there is no testimony, corroborated or otherwise, explaining what the draft contained, we cannot accord Brand a conception date of December 14, 1994. The same problem exists with respect to the second and final draft applications which accompanied Veltman's March 23, 1995, cover letter (BX 1003) and May 10, 1995, cover letter (BX 1005), respectively. No exhibit is identified as the second draft. Although Brand's Exhibit List identifies Brand Exhibit 1004 as a copy of the final draft, there is no testimony to that effect by Robert Brand or anyone else. Brand instead testified that Brand Exhibit 1004 appears to be a copy of his patent application. BDep. [MX 2009] 81:3-8.

Brand's testimony about the tests of the three-foot-long test fixture "in the Spring of 1995" (BD [MX 2007] at 7, 10; BDep. [MX 2009] 49:19-23) will be construed as asserting that those tests occurred on the last day of the spring of 1995, which occurred in June, after Brand's May 31, 1995, benefit date. As explained in Oka v. Youssefyeh, 849 F.2d 581, 584, 7 USPQ2d 1169, 1172 (Fed. Cir. 1988):

> In dealing with a reduction to

practice, the court in Haultain v. DeWindt, 254 F.2d 141, 117 USPQ 278 (CCPA 1958), stated, "Further, where testimony merely places the acts within a stated time period, the inventor has not established a date for his activities earlier than the last day of the period.' Id. at 142, 117 USPQ at 279. That rule is equally appropriate in establishing a date of conception, nor does Youssefyeh dispute Oka's position that "the last week in October" means October 31.

Koss did not give an earlier date for these tests. KD1 [BX 1013] at 7-8, ¶¶ 14-15. Thomas Miller's testimony (MD I [MX 2008] at 29, ¶ 48) that these tests, which he asserts constitute an actual reduction to practice on his behalf, took place in April 1995 lacks corroboration.

For the foregoing reasons, Party Brand has failed to prove a conception date prior to its May 31, 1995, benefit date. In any event, as will appear, the outcome of the interference would be the same even if Brand could be credited with conception as of the December 14, 1994, date of Veltman's cover letter for the first draft of the application.

IV. MILLER'S CASE FOR AN APRIL 1995 ACTUAL REDUCTION TO PRACTICE

A. Material facts

The relevant facts are the same as the material facts

relevant to Brand's case for conception.

B. Discussion

Miller's case for an April 1995 actual reduction to practice fails for several reasons. First, as already noted, Miller's testimony (MD I [MX 2008] at 29, ¶ 48) that the tests employing the three-foot-long test apparatus occurred in April 1995 is uncorroborated. There is no corroboration that the tests using the three-foot long apparatus occurred prior to Brand's May 31, 1995, benefit date.

Second, assuming for the sake of argument that the tests did occur prior to Brand's benefit date, they do not constitute an actual reduction to practice of the subject matter of the count because it has not been demonstrated that any of the tested flitches were tapered, as required by the count. See Taskett v. Dentlinger, 344 F.3d 1337, 1340, 68 USPQ2d 1472, 1474 (Fed. Cir. 2003) ("In order to establish an actual reduction to practice, the inventor must prove that: (1) he constructed an embodiment or performed a process that met all the limitations of the interference count; and (2) he determined that the invention would work for its intended purpose.")(quoting Cooper, 154 F.3d at 1327, 47 USPQ2d at 1901). Brand's declaration testimony that the three-foot-long test apparatus was used with tapered flitches (BD [MX 2007] at 7, ¶ 10) was recanted on cross-examination (BDep. [MX 20091 94:11-20), and Miller's testimony that tapered flitches were tested lacks corroboration.

Miller argues that even assuming the tested flitches

were not tapered, the tests constituted an "effective reduction to practice" in view of Brand's testimony that whether the flitches were tapered or not tapered was immaterial to the purpose of the tests, which was to determine whether the multi-edged pin dogs were capable of holding the flitches securely enough to allow veneer to be satisfactorily cut. Miller Second Substitute Reply Brief at 17-20 (quoting BDep. [MX 2009] 50:1-6, and 94:11-20). In effect, Miller is asking us to treat the term "tapered" in the count as an immaterial limitation. However, as explained in Hitzeman v. Rutter, 243 F.3d 1345, 1354, 58 USPQ2d 1161, 1167 (Fed. Cir. 2001):

> This court and its predecessor have long recognized that "nothing is better settled in patent law than that in interference cases express limitations in counts may not be ignored." McBride v. Teeple, 27 C.C.P.A. 961, 109 F.2d 789, 799, 44 USPQ 523, 533 (1940) (citing cases). Accordingly, all limitations in interference counts "will be regarded as material to the invention covered by the counts." Meitzner v. Corte, 537 F.2d 524, 530, 190 USPQ 407, 412 (1976). In establishing conception, "a party must show possession of every feature recited in the count, and that every limitation of the count must have been known to the inventor at the time of the alleged conception." Coleman v. Dines, 754 F.2d 353, 359, 224 USPQ 857, 862 (Fed. Cir. 1985).

Inasmuch as Miller has failed to prove an actual reduction to practice prior to Brand's May 31, 1995, benefit date, Miller can therefore prevail only by showing derivation, i.e., conception of the claimed subject matter and communication of the conception to Brand prior to Brand's May 31, 1995, benefit date.

V. MILLER'S CASE FOR DERIVATION

A. Material facts

1. In the summer of 1991, Thomas A. Miller, the sole named inventor in the involved Miller patent, was Production Manager of Curry-Miller Veneers, Inc. (hereinafter referred to by its current name of Miller Veneers, Inc.). MD1 [MX 2008] at 11, ¶ 2.

2. The rotary lathe for veneer cutting currently in use at Miller Veneers was obtained from Capital Machine in 1930. MD1 [MX 2008] at 12, ¶ 5. The original staylog that came with the lathe had did not have hydraulic clamping dogs; instead it had holes through which lag bolts would extend into holes drilled into the flitches or into burls, which are pear-shaped imperfections in trees. Id. at 14-16, 11, 12. On some unspecified date, the original staylog was replaced by a hydraulic staylog (id. at 14-15, ¶ 11) shown in Figure 4, supra, of Miller's benefit provisional application.

3. Miller testified (MD1 [MX 2008] at 11-12, in 2-6) that during 1991, in response to a customer complaint about shim sheets, he (Miller) used a router to cut individual

pockets in flitches for receiving the standard dogs instead of forming the usual pair of full-length grooves and that the results of cutting veneer from flitches supported in this manner were "very good, very encouraging." MD1 [MX 2008] at 11-12, ¶ 4. As is evident from the testimony, infra, concerning tests conducted in 1994, the holes formed during the 1991 tests were deep enough to receive the entire approximately one-inch height of the standard dogs, with the result that the mounting surfaces of the flitches were in contact throughout their length with the mounting surface of the staylog.

4. Robert Brand's testimony likewise credits Thomas Miller with performing the above tests, which he (Brand) describes as preventing shim sheets from being produced. BID [MX 2007] at 5-6, ¶ 8. Brand's testimony about the date of these tests is limited to asserting that they occurred prior the date he began working on the drawing before us as Brand Exhibit 1001, which we have concluded was October 12, 1994. Id.

5. The First Koss Declaration, in which Koss explains that he reviewed the First Miller Declaration and the Brand Declaration and has "the following disagreements with, and comments on, statements in that Testimony" (KD1 [BX 1013] at 4, ¶ 5), did not take issue with any of the foregoing testimony.

6. No witness claims that the 1991 tests involved a tapered flitch.

7. However, in the Second Koss Declaration, filed with Brand's reply brief, Koss agrees that the above tests occurred in 1991 and were successful but credits himself rather than Miller with the idea of using intermittent holes instead of the conventional pair of full-length grooves. KD2 [BX 1019] at 2, ¶ 3.

8. Miller testified that as an alternative to forming the pockets with a router bit, he came up with the idea of creating the pockets with a dado saw much like the one used to create the conventional full-length grooves, that he proposed to Brand and Koss the concept of a machine that would use ten pairs of dado blades to simultaneously cut the pockets into the flitches, and that they countered with a design for a $75,000 machine which would employ a single pair of dados moving on a serpentine track. MD1 [MX 2008] at 13,¶¶ 8, 9.

9. Brand Exhibit 1020 purports to be a January 13, 1992, copy of Capital Machine's "SPECIFICATIONS AND PRICE LIST" for a "POCKET GROOVING MACHINE." Specifications are provided for machines of two different sizes, a 125" pocket groover for forming 10 pockets and a 154" pocket groover for forming 12 pockets. The recitations of a "Blade Speed" of 1725 rpm and a "Grooving Speed" of 22 fpm (feet per minute) are consistent with Miller's testimony that Capital Machine proposed a grooving machine employing a single pair of dado blades moving on a serpentine track.

10. Miller testified that further testing of the idea of

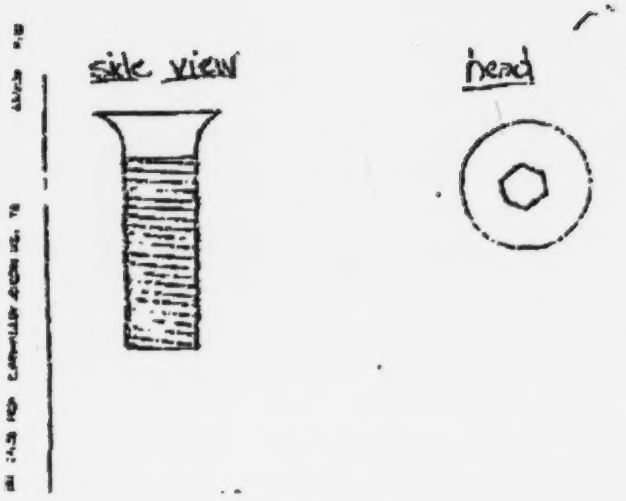
using pocket grooves did not occur until the "summer of 1994." MD1 [MX 2008] at 16, ¶ 13. These tests, like the 1991 tests, involved using a router to form the pockets (MD1 [MX 2008] at 16-17, ¶ 14). Miller explained that two of these tests involved making the flitch pockets shallower than the height of the dogs, such that the clamped flitch was not in contact with staylog mounting surface, and that veneer was cut from the flitch thus supported without producing any shim sheets. MD1 [MX 2008] at 16-17, ¶ 14, 15. Robert Brand also agreed with this Miller testimony about these tests, which Brand dated as occurring prior to the date he began work on Brand Exhibit 1001, which we have determined was October 12, 1994. BD [MX 2007] at 5-6, ¶ 8. No one testified that these tests involved tapered flitches.

11. Miller testified that prior to development of the invention at issue, Miller Veneers prepared tapered logs (and burls) for veneer cutting by cutting the logs lengthwise to form two tapered flitches, followed by cutting a wedge out of each flitch so that "instead of the veneer coming off the very rim of the bell shape, it is now oriented in such a way that it is coming off in much wider sheets," a technique Miller characterized as a company secret. MD1 [MX 2008] at 20-21, ¶ 25. Miller also explained that prior to development of the invention at issue, Miller Veneers had mounted burls for veneer cutting by replacing the hydraulically actuated staylog with the manual staylog that came with the rotary cutting machine when it was purchased in 1930, which was a metal bar having holes therein through which lag bolts were screwed into holes drilled into the burl as deep as three inches. MD1 [MX 2008] at 14-15, ¶ 11.

12. The testimony is in conflict regarding whose idea it was to make the pockets in the flitches shallower than the height of the dogs. Miller testified that this decision was based on his desire to reduce the strain on the router motor. MD1 [MX 20081 at 16-17, ¶ 14. Brand does not indicate whose idea it was. Koss claims that he proposed using shallower grooves in order to disprove Thomas Miller's theory that only way to strengthen the edges or wings of the flitch (and thus avoid forming shim sheets) was to have a wider base under the flitch. KD2 [BX 1019] at 2, ¶ 4.

13. Miller Exhibit 2003, which is not discussed by any other witness, is described by Thomas Miller as a drawing of long and short versions of a bugle-headed screw dog that he drew shortly before October 7, 1994 (MD1 [MX 2008] at 17-18, ¶17, 18).

14. The first page of Miller Exhibit 2002, the October 7, 1994, fax mentioned above in the discussion of Miller's motion, is a "facsimile transmission" cover letter identifying the source of the communication as Curry-Miller Veneers, Inc., the date as "10-7-94," and the sender as "Tom," and indicating that the information is to the attention of "Bill Koss." The second page of the exhibit is a sketch depicting what Thomas Miller refers to as a "bugle headed screw dog" (MD1 [MX 2008] at 17-18, ¶ 17), which appears as follows:



15. Robert Brand confirmed that the fax cover sheet and drawing were faxed by Miller to Koss on October 7, 1994 (BD [MX 2007] at 5-6, ¶ 8) and that he (Brand) saw this faxed sketch before beginning work on Brand Exhibit 1001. BD [MX 2007] at 5-7, ¶¶ 8-9.

16. Miller testified that his idea for the bugle-headed screw dog stemmed from his concern about the substantial effort and time it took to use a router to cut longitudinal pockets in the flitches, time and effort he decided could be reduced by using the router to instead form round holes for receiving the round, bugle-headed screw replacements for the standard dogs. MD1 [MX 2008] at 17, ¶ 17. He further testified that it then occurred to him that longer versions of the screw dog could be used to support burls having round mounting holes as deep as three inches. MD1 [MX 2008] at

18-19, ¶ 19.

17. While Robert Brand does not specifically attribute Miller's design of the bugle-headed screw dog to a desire to avoid the amount of time and effort it takes to use a router to form longitudinal pockets, he characterizes Miller's discovery that shallow pockets and standard dogs provides sufficient stability as "prompt[ing] him to propose the replacement of each standard fixed and moveable dog, similar to those provided by Capital Machines Co., Inc., with multiple, closely-spaced, round dogs with a single annular edge that could be replaced with ones of varying lengths and in particular, much longer ones, to facilitate the difficult task of cutting of burls or stumps into veneer." BD [MX 2007] at 5-6, ¶ 8. Koss credits Miller with designing the bugle-headed screw dog depicted in MX 2002 but not with proposing that such dogs could be made longer than the standard dogs. KDI [BX 1013] at 6, ¶ 11.

18. Brand explained that he had the following reservations about Miller's proposed bugle-headed screw dogs:

> 9. After studying Thomas A. Miller's proposed dog and its application to the standard hydraulic dogs, I realized that using long dogs in deep, drilled holes wherein the moveable dogs are mounted on actuators that move in a transverse arcuate path just would not work well because the flitch needed to be dropped straight down onto the dogs. Further, each tall dog could present multiple dogging

> rings to the deep holes and the holding power of each would be multiplied. In response, I developed the pin dog staylog, the multi-headed tall pin dogs which are all screwed directly into the staylog itself to provide the required total stability and most importantly of all, the means to move the flitch longitudinally into contact with the stationary dogs rather than using dogs that are actuated with a transverse motion.

BD [MX 2007] at 6-7, ¶ 9.

19. As noted above in the discussion of Brand's case for conception, Robert Brand's proposed multi-edged round pin dogs are depicted in Brand Exhibits 1001 and 1006 to 1010 together with a hydraulic push bar having pusher pins for longitudinally moving a flitch, which is depicted as tapered in some exhibits and nontapered in others, into engagement with the dogs. As also noted above, Brand has failed to prove that any of these drawings depicted a tapered flitch, let alone one supported in the position required to satisfy the count, prior to Brand's May 31, 1995, benefit date.

20. Irrespective of when the drawings identified as Brand Exhibits 1001, 1007, and 1010 first depicted a tapered flitch, Robert Brand unequivocally credits Thomas Miller with the idea of cutting veneer from a tapered flitch mounted in the position shown in those drawings and in the color original of Miller Exhibit 2001, reproduced below, which Brand testified he saw before beginning work on his

drawings. See BD [MX 2007] at 2, ¶ 3 ("I did not start to draw Brand Exhibit No. 1001 until after Thomas A. Miller ... presented to me Miller Exhibit No. 2001."); BDep. [MX 2009] 42:5 to 44:15 (affirming this declaration testimony); BD [MX 2007] at 3-4, ¶ 5 ("Before Thomas A. Miller presented to me and explained to me the theory behind Miller Exhibit No. 2001, I knew nothing about the benefits of his proposed methodology for cutting veneer from a flitch that retained all of its naturally grown taper."); BD [MX 20071 at 7, ¶ 10 ("The idea of cutting veneer from a tapered flitch was definitely and totally the idea of Thomas A. Miller."); and BD [MX 2007] at 8, ¶ 11 ("Actually it was not my idea to include in any patent application which names me as sole inventor a broad claim to cutting veneer from a tapered flitch, as that was the entirely the idea originated by Thomas A Miller, who had simultaneously disclosed it to me and William L. Koss, . . . who . . . decided what was to be covered in the Brand patent which is the subject this Interference Action and which I was required to assign to Capital Machine Co., Inc. as an employee of Capital Machine Co., Inc.").

21. Miller testified that this meeting occurred the day after he made the original of Miller Exhibit, which he dates as "shortly after October 7, 1994." MD1 [MX 2008] at 23, ¶¶ 28-30.

22. Brand testified that "William L. Koss left the meeting, which was being held in my office at Capital Machine Co., Inc., while Thomas A. Miller was explaining his drawing and theory to us and that he told Thomas A.

Miller to explain it to me as he just did not understand how it worked." BD [MX 2007] at 2, ¶ 3. Regarding this meeting, Miller similarly testified: "After a little discussion, Bill Koss said, 'Well I'll leave you two alone.' He then said to Bob as he left, `If you can figure it out, explain it to me.'" MD1 [MX 2008] at 23, ¶ 30.

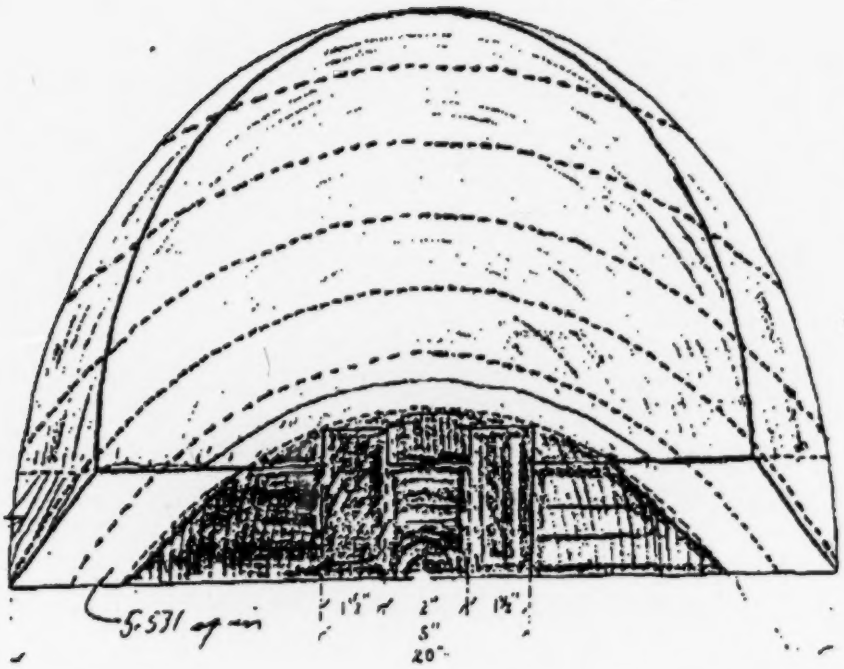
23. The First Koss Declaration, relied on in Brand's principal brief, does not deny that Miller showed him and Brand the color original of Miller Exhibit 2001 at a meeting or that the meeting occurred before Brand began work on Brand Exhibit 1001. However, Koss disputes Miller's and Brand's testimony that he (Koss) did not understand Miller's sketch. KD1 [BX 1013] at 4, ¶ 6.

24. In the Second Koss Declaration, filed with Brand's reply brief, Koss denied that he or Brand had seen the original of Miller Exhibit 2001 before Brand began working on Brand Exhibit 1001 and explained that they did not see Miller Exhibit 2001 until late October 1994:

> 16. . . . Tom [Miller] did not produce his colored drawing, a copy of which has been marked as MX2001, at a meeting prior to Bob [Brand] beginning his drawings, or at any time prior to Bob Brand completing his drawings which are now BX 1001 and BX 1006-1010. I asked Bob, and Bob specifically told me, that Tom did not know of the tall dogs at this time, so I said go ahead and draw up your ideas. Bob was very careful not to

see other people's work, so as to influence his ideas, for patent reasons. After Bob finished the drawings, at least, I called Tom Miller and asked him what kind of yield improvements he would think we could get by saving the wedge. He thought 15%. After I asked him how much he could increase the yield by saving the wedge, he then produced his colored drawing, a copy of which has been marked as MX2001. I do not recall what that date was exactly, but the earliest this would have been would be late October, 1994.

25. The sketch in Miller Exhibit 2001 is reproduced below and shows an end view of a tapered flitch supported with its uppermost surface region (represented by the uppermost point of the sketch) perpendicular to the plane of the page and thus parallel to the cutting edge of the veneer knife (not shown).



26. Not reproduced above are Miller's handwritten notations on the exhibit, which describe two ways to increase the amount of veneer obtained from the tapered flitch.[36] The first increase in yield, depicted in blue in the original sketch, is said to be "due to reduced staylog, shallower dogs, and closer spacing of dogs." The second increase in yield, originally depicted in yellow, was "due to keeping wedge, deep dogging holes, and less severe milling of sides of flitches." The notations also include numerical calculations demonstrating an expected 15% increase in yield. There is no testimony explaining which parts of the original sketch

[36] There are also a few notations by Brand, which it is not necessary to discuss. BD [MX 2007] at 2, ¶ 2; BDep. [MX 2009] at 42:5 to 43:14.

were depicted in blue and yellow.

27. Miller Exhibit 2001 does not depict or describe the dogs. Nor are the number of "dogging holes" or their shapes in the longitudinal direction shown or described. However, it is evident that the holes are shallower at the flitch's smaller end and deeper at the larger end, with the holes having flat bottoms located in a plane parallel to the mounting surface of the staylog (not shown) and thus parallel to the veneer-cutting knife (not shown).

28. Miller testified that at the meeting when he was first shown the original of Miller Exhibit 2001, he and Brand discussed the yield calculations on the exhibit, which show an expected increase of 15%. MD1 [MX 2008] at 23, ¶ 30. Brand confirms these discussions. BD [MX 2007] at 2-4, ¶¶ 3, 5.

29. Miller gave testimony which can be understood as implying that the meeting also included some discussion of using his proposed bugle-headed screw dogs to support the flitch in the position shown in Miller Exhibit 2001: "That [the projected increase in yield discussed at the meeting] encouraged me to continue with this project. Now we had a real way of paying for this bugle headed screw dog staylog with increased yields." MD1 [MX 2008] at 24, ¶ 31. The testimony by Brand and Koss on this point is unclear. Brand's testimony does not explain which specific dogs, if any, Miller proposed to use to support a flitch in the manner shown in the exhibit. The following testimony in the First Koss Declaration is ambiguous on this point, as it is unclear

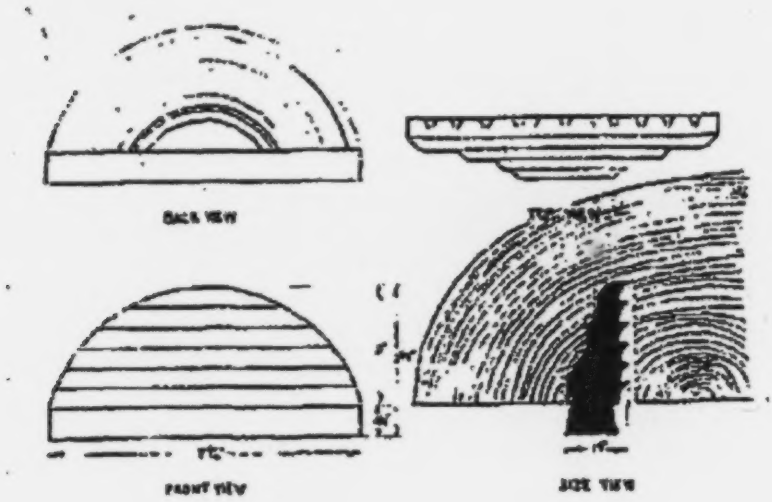
whether Koss is saying (a) that Miller failed to propose any particular type of dog or (b) that Miller proposed using his bugle-headed screw dogs, which Koss considered to be incapable of securely mounting the flitch to a staylog. Specifically, Koss testified :

> 8. . . . I confirm that Tom Miller proposed that flitches be produced by splitting a log though its heart to produce two flitches whose inner and outer surfaces are not parallel, but in which each flitch retained its natural taper; and that the proposed method required a means of mounting the tapered flitch to the staylog with its rounded outer surface parallel to the machine's veneer cutting knife. I point out, however, that Tom Miller did not explain how to mount a tapered flitch <u>securely</u> to the staylog with its rounded outer surface parallel to the machine's veneer cutting knife. The suggestion Tom Miller made was therefore more of a problem ("How can a tapered flitch be mounted securely to the staylog with its rounded outer surface parallel to 'the machine's veneer cutting knife?") than a completed invention.

(Emphasis added.) KD1 [BX 1013] at 5-6, 8.

30. Miller's proposed bugle-headed screw dogs are not disclosed in Miller's benefit provisional application or in

Miller's involved patent. The only dogs disclosed as part of Miller's invention in the provisional application are transversely-opposed fantail-shaped dogs of the type shown in Figure 5, which would be received by respective dado-cut longitudinal holes:



B. Discussion regarding the alleged derivation by Brand

As noted supra, in order to prevail on the ground of derivation by Brand, Miller must prove "prior conception of the claimed subject matter and communication of the conception to the adverse claimant." Cooper, 154 F.3d at 1332, 47 USPQ2d at 1905; Price, 988 F.2d at 1190, 26 USPQ2d at 1033. As explained above in the discussion of

Brand's evidence of conception, Party Brand has failed to prove a date of conception prior to its May 31, 1995, benefit date, let alone prior to the October 28, 1994, date of communication to which Party Miller is restricted by its preliminary statement. More particularly, Brand has failed to prove when the engineering drawings before us as Brand Exhibits 1001, 1007, and 1010 included the tapered flitches supported in the position shown in those drawings. Consequently, Miller can prevail by proving derivation prior to May 31, 1995.

It is undisputed that Miller showed Brand and Koss the color original of Miller Exhibit 2001 during a meeting held at Capital Machine sometime after the October 7, 1994, faxing date of Miller Exhibit 2002, which depicts Miller's proposed bugle-headed screw dog. In fact, Robert Brand admits that this meeting occurred prior to the October 12, 1994, date on Brand Exhibit 1001 (BD [MX 2007] at 2-4, 7, and 8, ¶¶ 3, 5, 10, 11; BDep. [MX 2009] 42:5 to 44:15), an admission not contradicted by the First Koss Declaration, which in discussing this meeting questions only Brand's and Miller's testimony that Koss indicated he did not understand the sketch. KD1 [BX 1013] at 4, ¶ 6.

We are mindful that the Second Koss Declaration, filed in support of Brand's Reply Brief, contradicts Brand's testimony and the First Koss Declaration by denying that Miller showed the original of Miller Exhibit 2001 to him or Brand prior to the date Brand completed Brand Exhibit 1001 and asserting that Miller produced the original sketch no earlier than "late October, 1994" (KD2 [BX 1019] at 10, ¶

16). This testimony is entitled to no consideration because it was submitted belatedly and in connection with the wrong brief. Because the alleged derivation from Miller by Brand is a Miller case-in-chief argument, all of Brand's opposition arguments should have appeared in Brand's opposition brief (served January 24, 2005) and all opposition evidence served with that brief. Cf. 37 C.F.R. § 1.656(b)(6). Brand's principal brief concedes as much by stating (at 5): "Issues to be discussed in Brand's Opposition Brief include whether Miller has established derivation by Senior Party Brand from Junior Party Miller, or prior invention by Party Miller."[37] Nevertheless, the testimony in question was served one month later with Brand's reply brief, which (at 25) cites that testimony in support of the new argument that Brand and Koss did not see Miller Exhibit 2001 before Brand completed Brand Exhibit 1001. The belated presentation of this new Koss testimony and the new argument based thereon in Brand's reply brief are not justified by the fact that Miller's opposition brief contains (at 16-21) a discussion of Miller's case for derivation. That Miller case-in-chief argument has no place in Miller's opposition brief and thus cannot be relied on to justify Brand's submission of the new Koss testimony with the Brand reply brief. As a result, neither the new Koss testimony nor the new argument is entitled to consideration. In any event, assuming for the sake of argument that the new testimony and argument are

[37] Thus, although Miller Exhibit 2001 is discussed in paragraph 6 of the 'Statement of Facts" in Brand's principal brief (at 9), it is not cited in the "Argument" portion of that brief.

entitled to consideration, they are unpersuasive because they are inconsistent with Koss's earlier acquiescence in Brand's contrary testimony on these points and the reason for this inconsistency has not been explained.

Miller's case for derivation therefore turns on whether Miller Exhibit 2001 and other information communicated from Party Miller to Party Brand prior to Brand's conception date, which has not been shown to be prior to Brand's May 31, 1995, benefit date, would have enabled one skilled in the art to make an operative device for practicing the veneer-cutting method recited in the count. See Burroughs Wellcome Co. v. Barr Laboratories, Inc., 40 F.3d 1223, 1228, 32 USPQ2d 1915, 1919 (Fed. Cir. 1994) ("Conception is complete only when the idea is so clearly defined in the inventor's mind that only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation. Sewall [v. Walters], 21 F.3d [411,] 415, 30 USPQ2d [1356,] 1359 [(Fed. Cir. 1994)].").

Miller Exhibit 2001 discloses a method of cutting veneer from a tapered flitch so as to achieves substantial increases in yield in two different ways in comparison to cutting veneer from a tapered flitch that has had its taper removed by removing a wedge therefrom. The first part of the increase in yield, depicted in blue in the original of the exhibit, is attributed to a "reduced staylog, shallower dogs, and closer spacing of dogs." Despite the absence of testimony about the meaning of these notations, the effect of these modifications appears to be to minimize the size of the remnant core (shown darkly shaded) by allowing the flitch

core to be cut down to a smaller radius than is possible when using dogs having conventional dimensions and spacing. Thus, the phrase "shallower dogs" appears to refer to reducing the transverse dimension of the dogs (which would be their left-to-right dimension if depicted in the sketch). The calculations given in the exhibit credit these modifications with an increase in yield of about 135 square feet. An even larger increase in yield — 240 square feet, depicted in yellow in the original of the exhibit — is achieved by "keeping wedge, deep dogging holes, and less severe milling of sides of flitch." Although not discussed in the exhibit, it is apparent that the flitch is supported by the dogs (not shown) with its uppermost surface region parallel to the staylog mounting surface (not shown) and thus parallel to the edge of the veneer-cutting knife (not shown). Although the sketch also fails to depict the number of dogging holes or their shapes in the longitudinal direction, it is nevertheless clear that the position of the flitch is due to the fact that the dogging holes have different depths such that their bottom surfaces lie in a plane parallel to the uppermost surface region of the flitch, which suggests that bottoms of the dogging holes rest on the tops of the dogs.

Miller, as the proponent of derivation by Brand based primarily on this exhibit, bears the burden of proving that one skilled in the art would have been capable, without undue experimentation, of making a staylog for securely supporting a tapered flitch in the position depicted therein. Burroughs Wellcome, 40 F.3d at 1228, 32 USPQ2d at 1919. Because Robert Brand is clearly not a person having only ordinary skill in the art insofar as the subject matter of the

count is concerned, Party Brand is correct to question Miller's argument that the adequacy of Miller Exhibit 2001 as evidence of conception is demonstrated by the fact that Robert Brand completed Brand Exhibit 1001, which has not been challenged on the ground of inoperability, after seeing Miller Exhibit 2001. As explained in Kimberly-Clark Corp. v. Johnson & Johnson, 745 F.2d 1437, 1454, 223 USPQ 603, 614 (Fed. Cir. 1984):

> What controls the patentability of the fruits of the inventor's labors are the statutory conditions of novelty, utility, and unobviousness "to a person having ordinary skill in the art to which said subject matter pertains" as stated in § 103. It should be clear that that hypothetical person is not the inventor, but an imaginary being possessing "ordinary skill in the art" created by Congress to provide a standard of patentability, a descendant of the "ordinary mechanic acquainted with the business" of Hotchkiss v. Greenwood [52 U.S. 248 (1850)]. Realistically, courts never have judged patentability by what the real inventor/applicant/patentee could or would do. Real inventors, as a class, vary in their capacities from ignorant geniuses to Nobel laureates; the courts have always applied a standard based on an imaginary worker of their own devising whom they have equated with the inventor.

Miller offers another argument for enablement, which is that one skilled in the art would have understood how to use Miller's proposed bugle-headed screw dogs (Miller Exhibit 2002) to securely mount a tapered flitch in the position shown in Miller Exhibit 2001. We agree. It is undisputed that Miller Exhibit 2002 was faxed to Koss on October 7, 1994, and seen by Brand on that date or shortly thereafter. BD [MX 2007] at 5-6, ¶ 8. Furthermore, Brand admitted that Miller informed him these bugle-headed screw dogs were intended as replacements for the standard fixed and hydraulically-actuated movable dogs for supporting flitches and that longer versions of the dogs could be used to support burls having deep, round dogging holes. Id.

To the extent Miller's testimony (MD1 [MX 2008] at 23-24, ¶¶ 31-32) can be understood as implying that he specifically suggested to Brand and Koss that the bugle-headed screw dogs can be used to support a tapered flitch in the position shown in Miller Exhibit 2001, that testimony is unconvincing because it lacks corroboration. Nevertheless, we are persuaded that one skilled in the art, having been informed of Miller's proposed bugle-headed screw dogs, would have recognized their suitability for securely supporting a tapered flitch in the position depicted in that exhibit. Furthermore, the artisan further would have recognized that Miller's dogs would permit the dogging holes to take the form of round holes or longitudinal pockets, with round holes offering the advantage of requiring less time and effort to form. The ability of the bugle-headed screw dogs to tightly clamp the flitch would have been readily apparent,

since the hydraulic transverse clamping action would be expected to drive the facing parts of the edges of each pair of dogs into the walls of the dogging holes, whether formed as round holes or as longitudinal pockets. Party Brand's characterization of paragraphs 9 and 10 of the Brand Declaration as expressing his belief that "Thomas Miller's proposed bugle-headed dogs just would not work" (Brand's opposition brief at 24) is incorrect. Brand's concern was that Miller's bugle-shaped dogs "would not work well" with deep dogging holes:

> 9. After studying Thomas A. Miller's proposed dog and its application to the standard hydraulic dogs, I realized that using long dogs in deep, drilled holes wherein the moveable dogs are mounted on actuators that move in a transverse arcuate path just would not work well because the flitch needed to be dropped straight down onto the dogs.

BD [MX 2007] at 6, ¶ 9. As acknowledged by Koss, this testimony reflects Brand's concern that deep dogging holes for receiving long moveable dogs would have to made wide enough in the transverse direction (i.e., left to right in Miller Exhibit 2001) to accommodate the arcuate path of the ends of the dogs:

> Bob Brand explained in his Declaration (BX 1014 (MX 2007), BD 6-7, ¶ 9) that the Miller proposal "would not work well because the flitch needed to be dropped straight down onto the dogs." In other words, Miller's proposal would require that the hole

> be expanded on one side in order to accommodate the arcuate swinging in of the bugle-headed screw. The longer the screw was, the more leeway would be required on the side of the screw hole in order to accommodate the arcuate path of the dog.

KD2 [BX 1019] at 4-5, ¶ 7. While this concern clearly applies to supporting a tapered flitch in the manner depicted in Miller Exhibit 2001, which shows dogging holes ranging in depth from less than one inch to more than 2-1/2 inches, neither Brand nor Koss explained how much the transverse dimension of the deepest dogging holes would have to be increased or why such an increase would have been considered unacceptable or beyond the level of ordinary skill in the art. Although an artisan would have recognized that increasing the transverse dimension of the dogging holes while maintaining the two-inch transverse spacing shown in the exhibit would come at the expense of part or perhaps all of the expected increase in yield the exhibit attributes to a "reduced staylog, shallower dogs, and closer spacing of dogs" (shown in blue in the original sketch), the artisan would have recognized that this modification would have little, if any, effect on the expected increase in yield the exhibit attributes to "keeping wedge, deep dogging holes, and less severe milling of sides of flitch" (shown in yellow in the original sketch). Consequently, we do not agree with Koss's conclusion that Miller's bugle-dogs "would not work at all," which is based on Brand's above-discussed testimony. KD2 [BX 10191 at 4-5, ¶ 7. Nor do we agree that Koss's conclusion finds adequate support in the fact that a veneer-

cutting system employing Miller's proposed bugle-headed dogs apparently was never tested by anyone, id., or in the fact that such as system is not disclosed in Miller's provisional application or involved patent.

VI. DECISION

For the foregoing reasons, we hold that the information, including Miller Exhibits 2001 and 2002, communicated by Party Miller to Party Brand prior to Brand's conception date was sufficient to enable one skilled in the art to practice the method recited in the count and thus entitles Party Miller to judgment as to the count on the ground of derivation by Party Brand.

As an alternative basis for awarding judgment as to the count to Party Miller on the ground of derivation by Party Brand, we hold that the information in Miller Exhibit 2001 would have been enabling to one skilled in the art even in the absence of knowledge of Miller's proposed bugle-headed dogs. One skilled in the art would have recognized that taller versions of standard dogs can be used to support the flitch in the position depicted in the exhibit, provided the transverse dimensions of the dogging holes are made large enough to accommodate the arcuate movement of the ends of the taller, moveable dogs.

Judgment is being entered accordingly in a separate paper entitled "JUDGMENT — MERITS Bd. R. 127," issued herewith.

/ss/ John C. Martin	)	
JOHN C. MARTIN	)	
Administrative Patent Judge	)	
	)	
	)	
/ss/ Jameson Lee	)	BOARD OF
JAMESON LEE	)	PATENT APPEALS
Administrative Patent Judge	)	AND
	)	INTEFERENCES
/ss/ James T. Moore	)	
JAMES T. MOORE	)	
Administrative Patent Judge	)	
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Paper No. 93

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

THOMAS A. MILLER
and DARREL C. PINKSTON,

Junior Party
(Patent 5,865,232),

v.

ROBERT D. BRAND,
Senior Party
(Application 09/377,120).

Patent Interference No. 105,215
App. 98

DECISION — REHEARING — Bd. R. 127(d)

Before MARTIN, LEE, and MOORE, Administrative Patent Judges.
Interference No. 105,215 Miller v. Brand

MARTIN, Administrative Patent Judge.

A. Background

On August 25, 2005, we entered a "Decision — Priority — Bd. R. 125(a)" (Paper No. 84) (hereinafter "Decision")[1] and a "Judgment — Merits — Bd. R. 127" (Paper No. 85) entering judgment against Brand's involved claims on the ground of derivation from Miller.

On September 26, 2005, Brand filed a first "Request for Rehearing" (Paper No. 88) accompanied by new evidence in the form of a "Fourth Brand Declaration of William L. Koss" (BX 1024) (hereinafter "Fourth Koss Declaration") and a "Fifth Brand Declaration of William L. Koss" (BX 1025) ("Fifth Koss Declaration").

In an October 18, 2005, "Decision — Rehearing — Bd. R. 125(c)" (Paper No. 91), Judge Lee dismissed the request for rehearing for noncompliance with Paragraph 17.1 of the Standing Order and authorized Brand to refile the request no later than October 25, 2005. On that date, Brand

[1] The Decision is hereby modified as follows: at page 23, footnote 33, "standard of is changed to "standard."; at page 24, line 9, "Miller Exhibit 1001" is changed to "Brand Exhibit 1001"; at page 39, line 5, "8/8/85" is changed to "8/8/95"; and at page 59, line 3, "admitted" is changed to "testified."

filed the "Revised Request for Rehearing" (hereinafter "Request") that is the subject of this decision.

B. The dates of conception and completion of Brand Exhibit 1001

At page 40 of the Decision, we held that Party Brand had failed to prove a conception date prior to its May 31, 1995, benefit date. This conclusion was primarily based on our holding (Decision at 38) that the evidence of record, including the First Koss Declaration (BX 1013), fails to adequately corroborate inventor Robert Brand's testimony that he believes he completed the engineering drawing before us as Brand Exhibit (BX) 1001 within about a week of the October 12, 1994, date that appears thereon. Miller Affidavit Testimony of Robert D. Brand ("Brand Declaration") (MX 2007) at 2, ¶ 2.

The first matter we allegedly misapprehended or overlooked is that Robert Brand's declaration testimony was given on behalf of Party Miller in support of its priority motion and therefore should be treated as an admission by Party Miller. Request at 3 and 9. However, the Request fails to identify the location of this "admission" argument in Brand's principal brief, opposition brief, or reply brief, as required by Bd. R. 127(d).[2] This rule is not satisfied simply by identifying the testimony on which the "admission" argument is based.

[2] Bd. R. 127(d) requires that a request for rehearing specifically identify all matters the party believes were misapprehended or overlooked and also the place where the matter was previously addressed in a motion, opposition, or reply, which papers respectively correspond to the "Brand Principal Brief on Priority Issues," "Brand Opposition Brief on Priority Issues," and "Brand Reply Brief on Priority Issues."

The second matter Brand contends we misapprehended or overlooked is Miller's failure to deny Thomas Brand's assertion that BX 1001 was completed by October 19, 1994, which failure Brand contends we should have treated as an admission that BX 1001 was completed on that date. Request at 8, ¶ 1. Specifically, Brand contends that Miller failed to deny the assertions of that completion date which appear in Brand's principal brief at pages 8-9, ¶ 5, and page 16, last paragraph, and in Brand's opposition brief at pages 14-15, ¶ 31, which passages assert dates for conception as well as for work on BX 1001. Request at 8, ¶ 1.[3] We begin our analysis by noting that the effect of a party's failure to deny an assertion is addressed in Bd. R. 122(a), which provides that the failure to deny an asserted material fact will be treated as an admission ("Oppositions and replies must comply with the content requirements for motions and must include a statement identifying material facts in dispute. Any material fact not specifically denied shall be considered admitted."). Inasmuch as conception is a question of law, Fiers v. Revel, 984 F.2d 1164, 1168, 25 USPQ2d 1601, 1604 (Fed. Cir. 1993),[4] Miller's failure to deny an asserted conception date does not constitute an admission of that date under the rule. The three passages cited in the Request therefore will be considered only to the extent they assert dates for Robert Brand's work on BX 1001.

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[3] The Request correctly points out (at 8-9, ¶ 1) that to the extent this argument is based on pages 8-9, ¶ 5 of Brand's principal brief, it was initially presented in Brand's reply brief at 21, lines 5-7.

[4] Captioned as Fiers v. Sugano at 25 USPQ2d 1601.

The first cited passage (i.e., page 8, ¶ 5, of Brand's principal brief), which is part of the "Statement of Facts" and thus referred to hereinafter as "Fact ¶ 5," asserts, inter alia, that "Bob Brand designed and drew BX 1001 and BX 1006-1010 beginning on at least October 12, 1994, while employed at Capital Machine." Footnote 3 to Fact ¶ 5 acknowledges that Brand identified the October 12, 1994, date on BX 1001 as the date he started that drawing, not its completion date, citing ¶ 2 of the Brand Declaration (MX 2007). Brand's testimony in that same paragraph that he believes it took him about a week to complete the drawing is not mentioned in Fact ¶ 5 (including footnote 3), in the second cited passage of the principal brief (i.e., page 13, last six lines, in the "Argument" portion), or in any other passage in that brief. Nor does that brief assert a specific date or range of dates for completion of BX 1001. As a result, the fact that Miller's opposition brief does not address the completion date of BX 1001 does not amount to an admission under Bd. R. 122(a) that it was completed by October 19, 1994.

On the other hand, the third cited passage (i.e., page 14, ¶ 31, in Brand's opposition brief), asserts as a supplemental fact that "Brand's Drawings, BX 1001 and 1006-10 were made at least as early as October 12-19, 1004 [sic, 1994]." This factual assertion is not denied in Miller's Second Substitute Reply Brief[5] and is therefore considered to have been effectively admitted by Miller by operation of Bd. R. 122(a). However, the Request fails to explain why this effective admission by Miller must be treated as also binding

[5] The reasons why Miller was required to twice refile its reply brief are discussed in the Decision at 17-18, in 21-25.

on the Board. While we would be inclined to give weight to this effective admission had it been relied on by Party Brand, that is not the situation before us, because Miller's reply briefs were filed concurrently with or subsequent to Brand's reply brief. In the absence of any reliance by Brand on the effective admission, we are not without the discretion to determine for ourselves whether the evidence establishes the alleged October 19, 1994, completion date for BX 1001, including deciding whether Thomas Brand's testimony about the completion date has sufficient corroboration. Cf. Chen v. Bouchard, 347 F.3d 1299, 1308, 68 USPQ2d 1705, 1711 (Fed. Cir. 2003) ("[R]egardless [of] whether Bouchard failed to timely move to suppress certain evidence, the Board has authority under 37 C.F.R. § 1.655(a) to choose not to consider hearsay evidence.").

The next matter we allegedly misapprehended or overlooked is paragraph 19 of the First Koss Declaration (BX 1013), which Brand argues corroborates Robert Brand's declaration testimony about the completion date. Request at 8-9, ¶ 1. That this Koss testimony was not overlooked should be evident from the fact that it is discussed in the Decision at page 38, lines 10-15. Furthermore, the Request fails to explain why that discussion demonstrates a misapprehension of that testimony.

Brand also argues (Request at 3) that during the June 21, 2005, hearing, Brand's assertion of an October 19, 1994, completion date for BX 1001 was not questioned and cites the Hearing Transcript at 53:3-7 to show that a member of this panel "accepted the premise that BX 1001 showed conception by October 19, 1994." Assuming for the sake of argument that this is a correct characterization of what transpired at the hearing, what panel members say or do not say at a hearing does not amount to evidence or a legal

determination on behalf of a party and thus does not constitute a "matter" which could have been overlooked or misapprehended by a panel under Bd. R. 127(d).

At page 5 of the Request, Brand makes an argument based on our treatment of some of the testimony in the Second Koss Declaration (BX 1019), which was filed with Brand's reply brief. Specifically, the Koss testimony in question (BX 1019, at ¶ 16) contradicted Robert Brand's testimony, given in support of Miller's principal brief, that Thomas Miller showed MX 2001 to him and Koss during a meeting prior to October 12, 1994, when he (Brand) began working on BX 1001. Brand Declaration (MX 2007) at ¶¶ 2-3. We held that this Koss testimony is entitled to no consideration because it was belatedly filed with Brand's reply brief rather than being timely filed with Brand's opposition brief. Decision at 55-56. In addition, we held that if the testimony were entitled to consideration, it would be deemed unpersuasive because it is inconsistent with the First Koss Declaration (BX 1013), which was filed in support of Brand's principal brief and acquiesced in Robert Brand's above-noted testimony about the meeting, and the inconsistency in Koss's testimony has not been explained. Decision at 56.[6] Brand now argues:

> Fairness and due process require that if the allegation that MX 2001 was received before Brand started work on BX 1001 is accepted because it was not promptly denied,

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[6] As noted in the Decision at 55, the First Koss Declaration (BX 1013 at 4, ¶ 6), in discussing Robert Brand's and Thomas Miller's testimony about this meeting, questioned only their testimony that Koss indicated he did not understand the sketch (i.e., MX 2001).

> Brand's allegation that BX 1001 (i.e., a drawing by Brand showing tapered flitches) was completed by at least October 19, 1994, should also be accepted because it was not denied at all.

Request at 5. This argument fails because it misstates our reason for accepting Robert Brand's testimony that he received MX 2001 before starting work on BX 1001. The reason is not, as Brand contends, that this testimony was not timely denied. Instead, it was accepted because it was acquiesced in and thus corroborated by the First Koss Declaration and because the basis for Koss's change of heart in the Second Koss Declaration has not been explained. In contrast, our reason for refusing to give weight to Robert Brand's testimony that he believes he completed BX 1001 within about a week after October 12, 1994, is that it was not adequately corroborated by Koss, the only other person who testified about that drawing. Decision at 38.

Brand also argues that our determination that Brand has failed to show an October 19, 1994, completion date for BX 1001 "is a new theory of the Board's, not briefed by the parties or discussed at the Oral Hearing," Request at 4, and that Brand therefore should be given "an opportunity to be heard on that issue, and to present evidence (BX 1025) [the Fifth Koss Declaration, submitted with the initial reply brief] that is relevant to that issue." Request at 9. We do not agree. Inasmuch as the asserted completion date for BX 1001 constitutes part of Brand's case-in-chief for priority, Brand was required to present all of its supporting arguments in its motion, i.e., principal brief, accompanied by all of its available supporting evidence. See Bd. R. 122(b) ("All arguments for the relief requested in a motion must be made in the motion."). Our determination that the evidence relied

on in Brand's principal brief fails to establish an October 12, 1994, conception date or an October 19, 1994, completion date for BX 1001 is not a "new theory" justifying the submission of new evidence on that question; it is simply a determination that the evidence relied on the principal brief fails to prima facie establish the correctness of the asserted dates. See Bd. R. 122 Practice Note:[7]

> New issues in replies. A reply that raises a new issue or belatedly presented evidence will not be considered and may be returned . . . . Examples of indications that a new issue has been raised in a reply include:
>
> - new evidence that is necessary to make out a prima facie case for the relief requested in the motion,
> - new evidence that could have been included with the motion, . . .

Regardless of whether the deficiency in a movant's prima facie case for relief is pointed out by an opponent or by a panel of the Board, it cannot be corrected by filing a reply accompanied by additional evidence which was available when the motion was filed.

For the foregoing reasons, we are not persuaded that we misapprehended or overlooked any matter in reaching

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[7] The obligation to file all available evidence with a motion also existed under the previous interference rules (37 CFR § 1.601 et seq.). Irikura v. Petersen, 18 USPQ2d 1362, 1368 (Bd. Pat. App. & Int. 1990).

our conclusion that the evidence fails to establish (1) a completion date for BX 1001 of October 19, 1994, or any other date prior to Brand's May 31, 1995, benefit date or (2) a conception date prior to that benefit date.

C. The enablement issue

In discussing Miller's case for derivation by Brand, we held that MX 2001 (Thomas Miller's sketch of a flitch in the position required by the count) and MX 2002 (his sketch of a bugle-headed screw dog) were provided by Party Miller to Party Brand prior to Brand's conception date, which we held was not shown to be earlier than Brand's May 31, 1995, benefit date. Decision at 55. We further held that the information in those two sketches would have enabled one skilled in the art to practice the method recited in the count. Decision at 58-61. Alternatively, we held that the information in MX 2001 would have enabled one skilled in the art to practice the method of the count even without knowledge of Miller's bugle-headed screw dog (MX 2002). Decision at 60-61. Brand asserts that in making these holdings, we misapprehended or overlooked a number of matters, including the Deckard Declaration (BX 1023), which was filed in support of Brand's opposition to Miller's motion for leave to file a corrected preliminary statement. Brand also requests consideration of the Fourth Koss Declaration (BX 1024), filed with Brand's initial request for rehearing.

Brand argues that these declarations are entitled to consideration at this time because the question of enablement of MX 2001 was not relevant prior to our Decision: "Only because the Board concluded that Brand had not proved conception prior to May 31, 1995, it became relevant to consider what MX 2001 would mean to a person of ordinary

skill in the art." Request at 4. We do not agree that the question of whether MX 2001 was enabling was not relevant prior to our Decision. That question was placed in issue by Miller's principal brief, which argues (at 16-17) that the information communicated from Thomas Miller to Robert Brand (including MX 2001 and MX 2002) was sufficient to enable Brand to practice the veneer-cutting method recited in the count.[8] This enablement issue was not rendered irrelevant by (1) the fact that the conception and communication dates asserted in Miller's preliminary statement are later than those asserted in Miller's principal brief and also later than the October 12, 1994, conception date asserted in Brand's principal brief and/or (2) by the fact that Miller's principal brief was not accompanied by a motion to file a corrected preliminary statement, which motion was later filed as part of Miller's initial reply brief. Even assuming that at the time Brand's opposition brief was due it was reasonable for Brand to expect that we would deny any later-filed motion by Miller to file a corrected preliminary statement, that expectation would not have made the enablement issue irrelevant. Instead, it simply would have reduced the likelihood that we would reach the merits of the enablement issue. Thus, had we granted rather than denied Miller's motion to file a corrected preliminary statement, we would have given no consideration to the Deckard Declaration (BX 1023) that was filed with Brand's opposition to that motion. Nor would we have authorized Brand to file additional evidence on the enablement question, such as the Fourth Koss Declaration. Holding otherwise would have been

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[8] However, as noted at page 58 of the Decision, Miller was incorrect to argue that enablement should be judged from the standpoint of Robert Brand; instead, enablement is to be judged from the standpoint of a person having ordinary skill in the art.

contrary to the public interest in avoiding piecemeal prosecution, Pritchard v. Loughlin, 361 F.2d 483, 487, 149 USPQ 841, 844 (CCPA 1966) ("There is an obvious public interest in avoiding piecemeal prosecution of interference proceedings in order to prevent unnecessary postponement of the beginning of the running of the term of patent resulting from an application involved in the proceedings."), and also would have made it more difficult to achieve the two-year pendency target for interferences. *See* Bd. R. 200(c) ("Patent interferences shall be administered such that pendency before the Board is normally no more than two years."). We therefore hold that Brand is not entitled to consideration of either of the two declarations.

Nevertheless, in the interest of completeness we have considered whether those declarations would demonstrate non-enablement if Brand were entitled to rely on them and conclude that they would not. Bobby Deckard, who has been the Plant Superintendent at Capital Machine since 1983, testified that "there is no way one could deduce from Tom Miller's drawing, Miller Exhibit 2001, how to build a machine or attach a tapered flitch to the machine" and explains that the radius bolt or dog shown in MX 2002 "would only have about 9/16" unthreaded protruding above the body of the arm in which it was to be screwed into, thus it would only allow 9/16"-5/8" engagement into a flitch, if the drawing were drawn full size." Deckard Declaration (BX 23) at ¶ 3. This reasoning is unconvincing because it fails to explain why an artisan seeking to support a tapered flitch in the position shown in MX 2001 would not have known to use screw dogs which are longer than the screw dog depicted in MX 2002, which in any event is not described therein as being actual size, or would not have considered increasing the effective operating length of the screw dogs by leaving some of the threads exposed. Deckard also fails to address

our alternative rational that the artisan would have known to use taller versions of standard dogs to support a tapered flitch in the position shown in MX 2001, as explained at pages 61-62 of the Decision.

As for the Fourth Koss Declaration, Koss's testimony that one of ordinary skill in the art "could not have determined from Miller's drawing, Miller Exhibit 2001, how to reduce to practice or make an operable tall pin dog staylog with [a] longitudinal shifting driver to hold and cut veneer from a tapered flitch," Fourth Koss Declaration (BX 1024) at ¶ 5, fails to address the reasoning in our Decision, which does not rest on the proposition that one skilled in the art would have known how to make a staylog having a longitudinally shifting driver, an arrangement not required by the count. Instead, we held that one skilled in the art would have known how to make a staylog having transversely clamping dogs (either the bugle-headed dogs of MX 2002 or taller versions of standard dogs) for supporting a tapered flitch in the position shown in MX 2001.

As further support for the argument that the question of whether MX 2001 would have been enabling was not relevant prior to our Decision, Brand asserts:

> Party Miller chose not to present evidence on the issue of whether information in Miller Exhibit 2001 would have been enabling to one skilled in the art, assuming that it would never be relevant. See Miller Reply to Brand Opposition to Miller Miscellaneous Motion 1 [to file a corrected preliminary statement], page 7, ¶ 17, lines 1-3.

Request at 7, ¶ 6. The cited paragraph of Miller's reply reads in its entirety:

> 17. In particular response to Brand Material Facts paragraph 33.c, Party Miller denies that what Miller Exhibit Nos. 2001 and 2002 would have meant to [a] person of ordinary skill would ever be relevant. What is relevant are [sic] the totality of circumstances surrounding what Thomas A. Miller told Robert D. Brand about Miller Exhibit Nos. 2001 and 2002.

This is an incorrect statement of the law for the reasons given above and at page 56 of the Decision and thus provides no support for Brand's argument.

Turning now to another matter we allegedly overlooked or misapprehended, Brand argues that "[n]either Miller nor anyone else made or tested Miller's proposed attachment mechanisms[] prior to Brand's constructive reduction to practice. There is thus no basis for concluding them to be operable." Request at 6, ¶ 3. We did not overlook fact that the record includes no allegation, let alone proof, that Miller's proposed bugle-headed dogs were used (either successfully or unsuccessfully) to support a tapered flitch or a nontapered flitch on a staylog prior to Brand's May 31, 1995, benefit date. However, evidence of an actual reduction to practice is not required to prove derivation. Detailed reasons for our conclusion that a person having ordinary skill in the art would have recognized the suitability of Miller's proposed bugle-headed dogs for supporting a tapered flitch in the position shown in MX 2001 are presented at pages 59-61 of the Decision. The Request fails to point out any deficiencies in that reasoning or in the reasoning given in support of our alternative conclusion that MX 2001 would

have been enabling even in the absence of knowledge of Miller's proposed bugle-headed dogs.

For the foregoing reasons, we are not persuaded that we misapprehended or overlooked any matter in (1) concluding that the information contained in MX 2001, whether considered with or without knowledge of MX 2002, would have enabled a person having ordinary skill in the art to practice the method defined by the count and (2) entering judgment in favor of Miller and against Brand on the ground of derivation from Miller.

D. Order

It is ORDERED that Brand's "Revised Request for Rehearing," which has been considered, is denied.

/ss/ John C. Martin JOHN C. MARTIN Administrative Patent Judge	)
/ss/ Jameson Lee JAMESON LEE Administrative Patent Judge	) BOARD OF) PATENT) APPEALS AND) INTERFERENCES
/ss/ James T. Moore JAMES T. MOORE Administrative Patent Judge	)

ROBERT D. BRAND, CAPITAL MACHINE CO., INC., and INDIANA FORGE, LLC,
Appellants,
v.
THOMAS A. MILLER, DARREL C. PINKSTON, and MILLER VENEERS, INC.,
Appellees.

2006-1419

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2007 U.S. App. LEXIS 14495

June 8, 2007, Decided
June 8, 2007, Filed

PRIOR HISTORY: (Interference No. 105, 215).
Brand v. Miller, 2007 U.S. App. LEXIS 11258 (Fed. Cir., May 14, 2007)

JUDGES: Before Michel, Chief Judge, Archer, Senior Circuit Judge, and Dyk, Circuit Judge.

OPINION

ORDER

A petition for rehearing having been filed by the Appellees,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED.

The mandate of the court will issue on June 15, 2007.

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(3)

No. 07-283

IN THE

Supreme Court of the United States

THOMAS A. MILLER, DARREL C. PINKSTON, and MILLER VENEERS, INC.,

Petitioners,

v.

ROBERT D. BRAND, CAPITAL MACHINE CO., INC., and INDIANA FORGE, LLC,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. The Administrative Procedure Act, at 5 U.S.C. § 706(2)(E), requires a reviewing court to hold unlawful and set aside agency action, findings and conclusions found to be unsupported by substantial evidence in a case subject to 5 U.S.C. §§ 556 and 557, "or otherwise reviewed on the record of an agency hearing provided by statute". 35 U.S.C. § 6(b) requires that interference proceedings shall be "heard by at least three members of the Board" of Patent Appeals and Interferences. 35 U.S.C. § 144 requires the Federal Circuit to review Patent and Trademark Office decisions from which appeal is taken, "on the record before the Patent and Trademark Office."

Is Federal Circuit review under 35 U.S.C. § 144 of an interference hearing held pursuant to 35 U.S.C. § 6(b) "on the record of an agency hearing provided by statute" which makes an interference proceeding a case subject to 5 U.S.C. § 706(2)(E)?

2. Does *KSR v. Teleflex*, 127 S. Ct. 1727 (2007), prohibit the Federal Circuit from concluding that in an *inter partes* matter before the Board of Patent Appeals and Interferences, findings of fact by the Board must be supported by substantial evidence in the record?

RULE 29.6 STATEMENT

Respondent Robert D. Brand is an individual. Respondent Capital Machine Co., Inc., is a corporation, and has no parent corporation. Respondent Indiana Forge, LLC, is a limited liability company, and has no parent corporation. There is no publicly held company that has a 10% or greater ownership in either corporate respondent.

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Department of Commerce, Patent and Trademark Office, "Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*", 72 F.R. 57526 (October 10, 2007) 24, 26

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OPINIONS BELOW

In addition to the opinions included in the petition, the July 11, 2007, judgment of the Board on remand was not reported. It is included as an appendix to this Opposition, Opp. App. at 1a-3a.

STATUTORY PROVISIONS INVOLVED

In addition to the statutory provisions included in the petition, the following statutes are relevant:

35 U.S.C. § 6(b)

> (b) *Duties.* – The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a). Each appeal and interference shall be heard by at least three members of the Board, who shall be designated by the Director. Only the Board of Patent Appeals and Interferences may grant rehearings.

35 U.S.C. § 144

> Decision on appeal
>
> The United States Court of Appeals for the Federal Circuit shall review the decision from which an appeal is taken on the record before the Patent and Trademark Office. Upon its determination the court shall issue to the Director its mandate and opinion, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case.

INTRODUCTION

Miller presented neither of the issues urged in his petition, to the Federal Circuit.

The purported circuit split between circuits following *Ass'n of Data Processing Serv. Orgs., Inc. v. Bd. of Governors of Fed. Reserve Sys.*, 745 F.2d 677 (D.C. Cir. 1984) (Scalia, J.) and the Federal Circuit following *In re Gartside*, 203 F.3d 1305 (Fed. Cir. 2000) is spurious, since both *Gartside* and the opinion here (*Brand v. Miller*, 487 F.3d 862 (Fed. Cir. 2007), App. 1-17) follow *Data Processing* and quote it (*Gartside*, 203 F.3d at 1312-12, 1315; *Brand v. Miller*, 487 F.3d at 868, App. 10) for their essential holding. No other circuit has suggested that it disagrees with *Gartside*. *Gartside* and the Federal Circuit opinion here stress that their view of the standard of review rests chiefly on 35 U.S.C. § 144 (*Gartside*, 203 F.3d at 1313, also relying on what is now 35 U.S.C. § 6(b); *Brand v. Miller*, 487 F.3d at 868, App. 10). 35 U.S.C. § 144 only applies to Federal Circuit review of PTO decisions, and the petition barely acknowledges it at page 9. The petition never mentions the critical language in § 6(b).

KSR Int'l Co. v. Teleflex, Inc., 127 S. Ct. 1727 (2007) was about how an obviousness determination should be made. This case is not about obviousness determinations (35 U.S.C. § 103), but about priority of invention (35 U.S.C. §§ 102(g) and 135) and derivation from particular communications, so it makes perfect sense that Federal Circuit would not cite *KSR*. The issue decided by the Board and reviewed by the Federal Circuit was not whether the particular invention was obvious, but whether it was communicated by Miller. The petition does not focus attention on the details of that communication, but the Federal Circuit opinion (487 F.3d at 870-71, App. 13-16)

explains compellingly why the sketches at issue did not communicate what the Board said they did.

Miller frames the issues quite broadly, but this case is really just about interference practice before the Board of Patent Appeals and Interferences ("Board") of the United States Patent and Trademark Office ("PTO"). Interference proceedings are too rare and too likely to be abolished by statute for this Court to use its limited time and other resources to fine-tune interference practice.

STATEMENT OF THE CASE

This case was an appeal from the decision of a panel of three Administrative Patent Judges ("APJs") of the Board of the PTO in an "interference" proceeding.

The PTO currently receives in excess of 300,000 patent applications per year. Patent examiners who examine these applications for patentability sometimes find that an applicant has claimed substantially the same otherwise patentable invention as another application or an issued patent. In such a case, only the first invention to be made is validly patentable. 35 U.S.C. § 102(g). An interference proceeding may be declared by the Board between an application and either another application or a patent, to determine priority of invention, thereby to assist the PTO to determine whether an involved application should issue as a patent, or be rejected under 35 U.S.C. § 102(g). Some interferences are settled by concession of priority, some are decided by determining that the interfering subject matter is unpatentable, and some, such as the one here, are decided by comparing the parties' dates of inventive

activities, and awarding priority to the one deemed first to invent.[1]

Interference proceedings are governed by 35 U.S.C. §§ 6(b) and 135, 37 C.F.R. §§ 41.1-41.158 (contested cases, including interferences) and 41.100-41.208 (rules specific to interferences), the Federal Rules of Evidence (*see* 37 C.F.R. 41.152(a)), and a Standing Order adopted and periodically revised by the Trial Division of the Board (the chief APJ of the Board and a group of about 18 APJs who primarily decide interferences). The current version of the Standing Order, dated 3 January 2006, runs 82 pages.[2] Parties may present motions related to patentability or other matters, which may be supported by evidence such as affidavits, patents, publications and other historical documents. Parties may present oppositions to motions and replies to oppositions, which may again be supported by evidence. If an affidavit is presented, the affiant is subject

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[1] At page 3, note 1, of the Petition, Miller misleadingly says that "Most interferences are decided on the basis of the same kind of patentability issues that decide many if not most patent infringement actions." The *Miller v. Brand* Interference was not "decided on the basis of the same kind of patentability issues" (presumably anticipation and obviousness in view of the prior art) that allegedly decide many patent infringement actions. Rather, the *Miller v. Brand* Interference was decided on the basis of *priority*, and specifically whether the documents provided by Miller were enabling of the invention of the Interference, so as to support a conclusion of derivation. Priority issues are infrequently involved in patent infringement actions.

[2] The Standing Order dated 3 January 2006 may be accessed on the PTO web site, *http://uspto.gov*, by way of the pages for the Board and the Interference Web Portal, in the public file of recent interferences, *e.g.*, Interference 105,555, *Zook v. Zook v. Zook*, declared July 10, 2007.

to cross-examination. If there are motions, and either party requests it, an oral hearing is held before a panel of at least 3 APJs, which renders a written reasoned opinion and decision on the motions. If there are no motions, or if the decision on motions does not dispose of the interference, there is a priority phase of the interference, during which the parties present evidence and briefs to establish dates of invention. In an appropriate case, testimony of a witness may be presented "live", before one or more APJs. If either party requests it, an oral hearing on priority is held before a panel of at least 3 APJs, which renders a written reasoned opinion, decision on priority, and judgment.

Interference proceedings are always *inter partes* events, that are "informal" only in the sense that they are not governed by 5 U.S.C. §§ 556 and 557. They are, however, governed by 5 U.S.C. § 706.

The days of interference proceedings may be numbered. The "Patent Reform Act of 2007", H.R. 1908, 110th Cong. (as passed by the House of Representatives, September 7, 2007), would amend 35 U.S.C. § 135 to do away with interferences, retaining only more limited "derivation proceedings."

Even if they are not abolished, however, interference proceedings are very rare. Statistics show that fewer than 1 in 1000 patent applications are ever subject to an interference proceeding.[3] Currently fewer than 100 interference proceedings are initiated each year.

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[3] 110th Congress, 1st Session, House of Representatives Report 110-314, "Patent Reform Act of 2007", page 23 (September 4, 2007).

In this case, Brand filed a patent application on May 31, 1995,[4] which described the invention of the interference, and which issued as U.S. Patent 5,562,137. Miller filed a patent application having an effective filing date of March 8, 1996, which described and claimed the invention of the interference, and issued as U.S. Patent 5,865,232. A Brand patent application having a May 31, 1995, effective filing date was placed in an interference proceeding with the Miller '232 Patent, styled "Miller v. Brand", to determine whether Brand or Miller was the first inventor of a claim in Miller's '232 Patent. Miller was named "junior party" by virtue of his later effective filing date, and Miller had the burden of proving prior invention. 37 C.F.R. § 41.207(a)(1).

A party to an interference can establish priority of invention by proving derivation of the invention by the opponent from the first party; but to establish derivation, it is necessary to show that the subject matter communicated was sufficient to enable one of ordinary skill in the art to construct and successfully operate the invention, and the party alleging derivation must provide independent corroboration for his conception and subsequent communication. *Price v. Symsek*, 988 F.2d 1187, 1194-95 (Fed. Cir. 1993); *English v. Ausnit*, 38 USPQ2d 1625, 1637-38 (Bd. Pat. App. & Interferences 1993).

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[4] At page 5 of the Petition, Miller refers to Brand's "alleged May 31, 1995, conception date of the invention". May 31, 1995, was the date of Brand's parent patent application, and the date that the Board accorded to Brand as a date of invention. (App. 70) Brand alleged dates of invention in *October 1994*, and the Board agreed (App. 67) that Brand's drawings dated October 12, 1994 (BX 1001 and BX 1010, A91 and A93 in the record below) and October 14, 1994 (BX 1007, A94 in the record below) demonstrated conception of the invention.

Miller claimed that Brand derived the invention from Miller, and produced copies of two sketches he had shown to Brand or Brand's boss in 1994, and which he claimed (in 2004) would have enabled Brand to make the invention. One of the drawings (A89-A90 in the record below) was dated October 7, 1994, days before Brand's October 12-19, 1994, drawings illustrating the invention. Miller suggested the October 7 sketch *only for a purpose other than the invention*. The other Miller sketch (A97 in the record below) was undated, and Miller maintained (until after the Brand brief for final hearing was filed in February, 2005) that he had shown the undated sketch to Brand some time between October 25 and 28, 1994 (Miller Preliminary Statement filed July 23, 2004, A188-A189 in the record below). Miller never introduced evidence corroborating his alleged conception of the invention prior to Miller's March 8, 1996 patent application.

In March, 2005, Miller moved (A500-A511, A583-A594 in the record below) to amend his Preliminary Statement to say that Miller must have shown the undated sketch to Brand before October 12, 1994. If Miller did *not* show the undated sketch to Brand before Brand's first drawing, started on October 12, 1994, then it did not matter what Miller's undated sketch showed. If Miller *did* show the undated sketch to Brand before October 12, 1994, however, it would be relevant to consider whether the undated sketch was sufficient to enable one of ordinary skill in the art to construct and successfully operate the invention.

In March, 2005, in response to Miller's motion, Brand filed the declaration of Capital Machine Plant Superintendent Deckard (A541-A543 in the record below), providing an expert opinion that the undated sketch would not be enabling. Brand also filed a declaration of Capital

Machine President Koss, to the same effect (A544-A547 in the record below). Miller provided no contrary evidence, but denied that what the Miller sketches would mean to a person of ordinary skill would ever be relevant (A638 in the record below). Thus, all relevant evidence of record indicated that the sketches in question (MX 2001 and MX 2002, A89-A90 and A97 in the record below) would not have enabled practice of the invention.

The Board ignored the *Price-English* requirement that Miller show corroboration for his conception, and held on August 25, 2005, that the information that Miller communicated, including the Miller sketches, was sufficient to enable one skilled in the art to practice the invention of the interference. The Board awarded priority to Miller (App. 96), in spite of the facts that (1) Miller did not even allege that the device in the October 7, 1994, Miller sketch had ever been tested or even built (487 F.3d at 870, App. 15-16 ("[T]he path that the Board determined that a skilled artisan would follow has, so far as the record reflects, never been followed."; *see also* 487 F.3d at 871, note 7, App. 16-17)), (2) Brand testified that he did not think the Miller system would work well (A199 in the record below), (3) Deckard testified that the undated sketch would not be enabling to a person of ordinary skill in the art (A542-A543 in the record below), and (4) there was no evidence offered by Miller to contradict Deckard's expert opinion.

The Federal Circuit unanimously held, on May 14, 2007, that (1) findings of fact by the Board must in all cases be supported by substantial evidence, confirming its holding in *Gartside*, 203 F.3d at 1313 (487 F.3d at 868, App. 10); (2)

(at least) in the context of a contested case,[5] it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence of record (487 F.3d at 869, App. 12)[6]; and (3) on the issue of communication, the Board in this case improperly substituted its own opinion for evidence of the knowledge of one of ordinary

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[5] Apparently wishing to avoid unnecessary *dicta* when the *ex parte* implications had not been briefed or argued, the Federal Circuit explained "We do not – and need not – decide here the extent to which the Board in *ex parte* proceedings is so limited." 487 F.3d at 869, App. 12.

[6] At page 5, note 3, of the Petition, Miller says that the Federal Circuit's statement that "the Board substituted its own expertise for record evidence that Miller was obligated to provide" (App. 15) is factually incorrect. Miller's allegation of incorrectness is itself factually incorrect. Miller points to A194-202 in the record before the Board and the Federal Circuit (an affidavit of inventor Brand offered by Miller as Miller Exhibit 2007). Miller says that Brand's affidavit supported "the Board's conclusion that the two documents made the asserted claim of the Brand patent [application] obvious . . . ." First, the relevant question decided by the Board and reversed by the Federal Circuit was not obviousness, but rather communication sufficient to constitute enablement. However, Brand's affidavit did not discuss *either* (1) whether the two documents (sketches) made the Brand application claim obvious, *or* (2) whether the two documents would have enabled a person of ordinary skill in the art to make the Brand invention. The closest that Brand came to discussing enablement was saying that Miller's system would not work well, A199 in the record below. Instead of providing evidence of whether the two documents would have enabled the Brand invention, such as a declaration from one skilled in the art, Miller denied that what the two documents would have meant to a person of ordinary skill in the art would ever be relevant. (A638 in the record below.) Miller failed to find a person skilled in the art that would make a declaration favorable to Miller's position, and Party Brand's evidence was unrebutted.

skill in the art, which Miller was obligated to provide, but failed to provide (487 F.3d at 870, App. 13, 15). The Board's judgment was reversed and the Federal Circuit ordered that judgment be entered for Brand (487 F.3d at 871, App. 17).

On May 26, 2007, Miller requested panel rehearing by the Federal Circuit, but, as in his main brief and reply brief before the Federal Circuit, completely ignored the standard-of-review and *KSR* issues now urged.[7] The request was denied on June 8, 2007. App. 113-14.

In accordance with the Federal Circuit order of May 14, 2007, on July 11, 2007, the Board entered judgment for Brand. Opp. App. 1a-3a. On September 10, 2007, the Board "distributed" the interference, *i.e.*, remanded the Brand Application to the examiner for further action consistent with the judgment in favor of Brand.

The PTO has thus accepted the judgment of the Federal Circuit. In seeking *certiorari*, however, Miller ignores that acceptance; the relevant statutes, 35 U.S.C. §§ 6(b) and 144; and also the following facts:

> (1) *Gartside*, 203 F.3d at 1311-16, thoroughly discussed whether an interference proceeding is a case subject to 5 U.S.C. § 706(2)(E), in view of (a) the requirement now appearing at 35 U.S.C. § 6(b) that appeals to the Board and interferences are "heard" by the Board, and (b) the requirement in 35 U.S.C. § 144 that in appeals to the Federal Circuit, PTO decisions

[7] The Corrected Brief of Appellees Thomas A. Miller, Darrel C. Pinkston, and Miller Veneers, Inc., is available at 2006 WL 3420460. Appellees' Petition for Panel Rehearing is available at 2007 WL 1787069.

are reviewed "on the record before the Patent and Trademark Office".

(2) The interference between Miller and Brand did not involve "references" (*i.e.*, prior art publications), but rather two sketches communicated at different times and for different purposes from Miller to Brand or to Brand's boss, Mr. Koss; and the interference between Miller and Brand did not involve an obviousness determination, but rather a determination of whether the two sketches constituted an enabling disclosure of the invention of the interference.

REASONS FOR DENYING THE PETITION

I. THE FEDERAL CIRCUIT FULLY CONSIDERED AND CORRECTLY DECIDED WHETHER FINDINGS OF FACT BY THE BOARD OF PATENT APPEALS AND INTERFERENCES IN *INTER PARTES* CASES MUST BE SUPPORTED BY SUBSTANTIAL EVIDENCE ON THE RECORD.

Miller asks (petition, page i) whether, since interference proceedings before the Board of Patent Appeals and Interferences are "informal proceedings" (*i.e.*, not formal adjudications *governed by §§ 556 and 557 of the Administrative Procedure Act*),[8] the Federal Circuit erred

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[8] At pages 9 and 10 of the Petition, Miller says that the Federal Circuit admits (or concedes) at App. 9 "that proceedings before the PTO are not 'formal adjudications.' " What the Federal Circuit said (487 F.3d at 868, App. 9) was that "Although PTO proceedings are not formal adjudications *governed by §§ 556 and 557 of the APA*, (Cont'd)

in reviewing the interference proceeding in this case under the "substantial evidence" standard rather than the "arbitrary and capricious" standard used by other circuits in what Miller argues are similar situations.

The answer is "No"; the other situations are not similar, and the Federal Circuit did not err.

A. Miller and Brand both Urged the Federal Circuit to Use the "Substantial Evidence" Standard.

FED. R. APP. P. 28(a)(9)(B) and FED. CIR. R. 28(a)(10) require that the appellant address the proper standard of review in its brief, and allow the appellee to address the proper standard of review, as well, *see* FED. R. APP. P. 28(b)(5) and FED. CIR. R. 28(b). In this case, both Miller and Brand urged the Federal Circuit to use the "substantial evidence" standard. In Brand's main Brief to the Federal Circuit, Brand cited (at page 23) *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000). In Miller's Brief to the Federal Circuit,[9] Miller said (at page 28) that factual findings of the Board must be affirmed if they are supported by substantial evidence, citing *Gartside*, 203 F.3d at 1315. Miller added, "Substantial evidence means there exists *in the record* such relevant evidence as a reasonable mind

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(Cont'd)

the Supreme Court has held that our review of those proceedings is governed by another section of the APA, § 706. *Dickinson* [*v. Zurco*], 527 U.S. [150 (1999)] at 152 ...." (Emphasis supplied.)

[9] The Corrected Brief of Appellees Thomas A. Miller, Darrel C. Pinkston, and Miller Veneers, Inc. is available at 2006 WL 3420460.

might accept as adequate to support a conclusion", again citing *Gartside*, 203 F.3d at 1312 (emphasis added).[10]

Miller did not urge, prior to petitioning this Court, that the "arbitrary and capricious" standard be used.

B. The Federal Circuit, in the Decision in this Case, Fully Considered and Correctly Decided the Standard to be Applied.

Not content with an effective stipulation by the parties, the Federal Circuit analyzed the question of the proper evidentiary standard to use, and reached the right result. The Federal Circuit, in deciding this case, first considered the application of 5 U.S.C. §§ 556 and 557 to interference proceedings, and confirmed the holding in *Gartside* that interference proceedings before the Board are *not* formal adjudications *governed by §§ 556 and 557 of the Administrative Procedure Act*; but noted that the Supreme Court has held in *Dickinson v. Zurco*, 527 U.S. 150, 152 (1999) that they *are* governed by 5 U.S.C. § 706. 487 F.3d 862 at 867 (Fed. Cir. 2007), App. 9. The Federal Circuit noted that although the Supreme Court in *Dickinson* did not decide the standard of review for PTO proceedings, the Federal Circuit had noted in *Gartside*, 203 F.3d at 1311, that the APA (5 U.S.C. § 706(2)(E)) requires a reviewing court to hold unlawful and set aside agency action, findings and conclusions found to be unsupported by substantial evidence in a case subject to 5 U.S.C. §§ 556 and 557,

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[10] Even after losing in the initial decision by the Federal Circuit, 487 F.2d 862, App. 1-17, which agreed with both Brand and Miller that the "substantial evidence" standard is the proper standard for review (487 F.3d at 867-68, App. 9-10), Miller did not urge, in Appellees' Petition for Panel Rehearing, available at 2007 WL 1787069, that the Federal Circuit should have used an "arbitrary and capricious" standard of review.

"or otherwise reviewed on the record of an agency hearing provided by statute". 487 F.3d at 867-68, App. 9-10.

The Federal Circuit further recalled that it had noted in *Gartside*, 203 F.3d at 1313, that 35 U.S.C. § 144 calls for the Federal Circuit to review the decisions of the Board "on the record" before the PTO, and concluded that findings of fact must in all cases be supported by substantial evidence on the record. 487 F.3d at 868, App. 10.[11] This was not, however, a "rigid rule" forbidding the use of common sense, as Miller alleges, but rather it was the Federal Circuit determining what the APA required.[12] Furthermore, if a rule was created, it was created by Congress in enacting the APA, not the Federal Circuit.

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[11] At page 9 of the Petition, Miller implies that that the language of 5 U.S.C. § 706(2)(E) ("... or otherwise reviewed on the record of an agency hearing provided by statute ...") does not apply to hearings held pursuant to 35 U.S.C. § 6(b) and reviewed pursuant to 35 U.S.C. § 144, and that the Federal Circuit's holding that 5 U.S.C. § 706(2)(E) applies to Board proceedings is wrong. Miller is wrong. The Federal Circuit's holding that 5 U.S.C. § 706(2)(E) applies to Board proceedings is in accordance with the holding in *Gartside*, 203 F.3d at 1313.

[12] At pages 10-11 of the Petition, Miller implies that the Federal Circuit decision in *Brand v. Miller* was motivated by a desire to give less deference to the PTO than required by the APA. On the contrary, the Federal Circuit held that, *in the context of a contested case*, the APA requires that it is impermissible for the Board to base its factual findings on its expertise, rather than on the evidence of record. The extent to which the Board is so limited in *ex parte* cases (*i.e.*, patentability determinations) was explicitly left to be determined another day. 487 F.3d at 869, App. 12. Furthermore, the Federal Circuit did not circumvent the APA, or engage in "rear-guard action".

The only relevant question regarding standard of review not discussed by the Federal Circuit in this case appears to be whether, when 35 U.S.C. § 6(b) requires that interference proceedings shall be "*heard* by at least three members of the Board" (emphasis supplied) and allows for "*rehearing*" by the Board (emphasis supplied), is the hearing that the Board holds a "hearing provided by statute"[13] which makes an interference proceeding a case subject to 5 U.S.C. § 706(2)(E)? In other words, does the statute have to use the actual word "hearing", or is it sufficient that the statute say that the proceedings shall be "heard"?

The Federal Circuit did not discuss, *in this case*, whether the phrase "heard by at least three members of the Board" of Patent Appeals and Interferences, and the permission for "rehearing" by the Board, invoke a "hearing provided by statute". But it did discuss that question in *Gartside*, 203 F.3d at 1313,[14] on which the Federal Circuit relied, 487 F.3d at 867-68, App. 9-10. The question is not discussed by Miller.[15]

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[13] At page 10 of the Petition, Miller says that "Nowhere in the relevant statute is the word 'hearing' used. 35 U.S.C. § 135." The relevant statute, however, includes 35 U.S.C. § 6(b), which implies that there must be a hearing.

[14] The Federal Circuit in *Gartside* cited 35 U.S.C. § 7(b) (1994), now slightly amended and re-codified as 35 U.S.C. § 6(b), concluding that the plain language of 35 U.S.C. § 7 (1994) and 35 U.S.C. § 144 indicates that the Federal Circuit reviews Board decisions "on the record of an agency hearing provided by statute," and that the Federal Circuit should therefore review Board factfinding for "substantial evidence."

[15] Miller twice quotes 35 U.S.C. § 6(a) in its Petition, but does not discuss either the requirement in 35 U.S.C. § 6(b) that

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C. The Situations that Miller Implies are "Similar", so as to Purportedly Create a Split between Circuits, are not in fact "Similar".

Miller explicitly alleges that there is a circuit split between, on the one hand, circuits following *Ass'n of Data Processing Serv. Orgs., Inc. v. Bd. of Governors of Fed. Reserve Sys.*, 745 F.2d 677, 683 (D.C.Cir.1984) (Scalia, J.), in holding that the standard for review is the same under either the "arbitrary and capricious" standard or the "substantial evidence" standard, and, on the other hand, the Federal Circuit, which holds that the "arbitrary and capricious" standard is more deferential to agency decisions than the "substantial evidence" standard. However, *Data Processing* notes that there is a distinction between the standards on the issue of what evidence may be considered to support an agency judgment: the "substantial evidence" standard requires that evidence be in the record, adding that "[t]he importance of that requirement should not be underestimated." 745 F.2d at 684. Indeed, both the decision below and *Gartside* rely on *Data Processing*, and quote it, on this very issue. *Gartside*, 203 F.3d at 1312-13, 1315; *Brand v. Miller*, 487 F.3d at 868, App. 10.

It is true that the Federal Circuit holds that the "arbitrary and capricious" standard is more deferential. The Federal Circuit, in *Gartside*, 203 F.3d at 1312, cites cases *from this Court* that say that the standards are distinct, *see American Paper Inst., Inc. v. American Elec. Power Serv. Corp.*, 461 U.S. 402, 412-13 n. 7 (1983) (arbitrary

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interferences be "heard" by at least three members of the Board, or the requirement in 35 U.S.C. § 144 that the Federal Circuit shall review PTO decisions "on the record before the Patent and Trademark Office".

and capricious standard is more lenient than substantial evidence standard); *Abbott Laboratories v. Gardner*, 387 U.S. 136, 143 (1967) (appeal on the record with a "substantial evidence" test affords a more generous review than the "arbitrary and capricious" test), but the Federal Circuit is surely not unusual among the Circuits in following this Court. Further, no other Circuit has suggested any disagreement with *Gartside*, and the Seventh Circuit has added its hearty agreement. *See CAE, Inc. v. Clean Air Engineering, Inc.*, 267 F.3d 660, 675 (7th Cir. 2001) ("[W]e agree with the Federal Circuit's resolution of the question left open in *Zurko* as to which prong of § 706(2) applies. When a court's review of an agency's factfinding is circumscribed by the agency record, as the Federal Circuit explained, the substantial evidence standard in § 706(2)(E) applies."); *cf.* Miller's petition at 10 (relying on a 1983 case to suggest that the Seventh Circuit requires the magic word "hearing" to trigger § 706(2)(E)).

The allegedly conflicting decisions are distinguishable on the facts and on the law. The Federal Circuit review of factual findings of the Board is subject to 35 U.S.C. § 6(b) (patentability appeals to the Board and interferences are heard by at least three members of the Board) and 35 U.S.C. § 144 (the Federal Circuit reviews PTO appeals "on the record before the Patent and Trademark Office."). No case cited by Miller, from a circuit other than the Federal Circuit, however, is subject to 35 U.S.C. § 6(b) or 35 U.S.C. § 144.

So this rule can be stated to apply to all decisions cited by Miller: If the case is subject to 35 U.S.C. § 6(b) and 35 U.S.C. § 144, circuit court review of factual findings is under the "substantial evidence" standard.

D. The Rule Advocated by Miller would Create Chaos in Actions Under 35 U.S.C. §§ 145 and 146.

Ex parte appeals to the Board may be reviewed by a district court in an action under 35 U.S.C. § 145, in which evidence that was not before the Board may be presented to the district court. *Inter partes* decisions by the Board in interferences may be reviewed by a district court in an action under 35 U.S.C. § 146, in which discovery unavailable in the Board proceeding may be had, and in which evidence which was not before the Board may be presented to the district court.

In reviewing findings of fact of district courts, the Federal Circuit is governed by FED. R. CIV. P. 52(a), and is thus required to – and does – apply the "clearly erroneous" standard of review. *Heisig v. United States*, 719 F.2d 1153, 1158 (Fed. Cir. 1983).

Under the rule of law urged in the petition, in a Federal Circuit review of a district court in an action under 35 U.S.C. § 145 or 35 U.S.C. § 146, Board proceedings would be reviewed by the Federal Circuit under the "arbitrary and capricious" standard, and thus factfinding by the Board would be given greater deference than the factfinding by the reviewing District Court, which may have been made based on more evidence than was available to the Board (and thus be more reliable).

On appeal of an action under 35 U.S.C. § 145 or under 35 U.S.C. § 146 to the Federal Circuit, the Federal Circuit would be required to give greater deference to facts found by the Board with less evidence, than those found by the reviewing district court with more evidence.

The result would be chaos.

II. THE FEDERAL CIRCUIT DID NOT VIOLATE *KSR*.

A. The Petitioners Did Not Mention *KSR* to the Federal Circuit in their Original Brief to the Federal Circuit, in a 28(j) Letter, or in their Petition For Rehearing.

Certiorari was granted in *KSR* on June 26, 2006, but the petitioners did not mention the issues in that case in their brief to the Federal Circuit, filed November 8, 2006. *See* Corrected Brief of Appellees Thomas A. Miller, Darrel C. Pinkston, and Miller Veneers, Inc., *Brand v. Miller*, 487 F.3d 862 (Fed. Cir. 2007) (No. 2006-1419), 2006 WL 3420460. Neither did they mention the case to the Federal Circuit by a letter under FED. R. APP. P. 28(j) when *KSR* was decided on April 30, 2007, two weeks before the decision here. Nor did they mention the case in their petition for panel rehearing, filed May 29, 2007. *See* Appellees' Petition for Panel Rehearing, *Brand v. Miller*, 487 F.3d 862 (Fed. Cir. 2007) (No. 2006-1419), 2007 WL 1787069.

This Court should not be the first forum in which the issues Miller urges are raised. Supreme Court review is not a second chance to argue a case on appeal. It is more appropriate for the Supreme Court to consider issues in a case where the issues have been raised in at least one court or tribunal below. It is also more efficient to formulate rules relating to obviousness determinations, in a case that actually involves an obviousness determination. This Court should have the benefit of lower court proceedings, rather than facing these issues in the first instance.

B. "Whether an Invention is Derived from a Communication" is Distinct from "Whether an Invention is Obvious".

KSR says that if one is making an obviousness determination, and there is nothing in the prior art that teaches, suggests or motivates a combination of references to make the invention, factfinders should not be bound up by a rigid rule requiring a teaching, suggestion or motivation to make the combination, but that they can and should use their common sense to see if the combination would be obvious. 127 S. Ct. at 1739, 1742.[16]

The Federal Circuit was not reviewing an obviousness determination in this case[17]; it was determining whether

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[16] At page 14 of the Petition, Miller implies that the factual determination by the Board in this case is no different than an "Article III trial judge applying his or her 'common sense' to decide whether one or more references makes [sic] a claim obvious." There are, of course, significant differences. This case is an appeal from a proceeding in the Patent and Trademark Office, which is subject to the APA. Article III trial courts are governed by the Federal Rules of Civil Procedure, not the APA. This case involved the Board basing factual findings on its own assumed expertise in the field of the invention, instead of on the unrebutted record evidence, making a faulty factual determination as a result, and reaching a faulty legal conclusion as to *priority* under 35 U.S.C. §§ 102(g) and 135 by substituting the Board's assumed expertise for the record evidence. Article III trial courts are reaching legal conclusions as to *obviousness* under 35 U.S.C. § 103.

[17] At page 3 of the Petition, Miller says that "The APJs correctly held that two documents . . . made claim 38 of the Brand '120 application obvious . . . ." Miller's statement is incorrect on two counts. First, the decision by the Board (App. 20-97) was not a legal determination of what was or was not obvious (under 35 U.S.C.

(Cont'd)

the evidence supported the Board's conclusion that Miller communicated the invention to Brand.[18] The Federal Circuit did not say, in this case, "Don't use your common sense" to fill in formal gaps in the evidence;[19] it said if there is relevant

(Cont'd)
§ 103), but rather a factual determination of whether Miller's communication was sufficient to enable one of ordinary skill in the art to practice the invention, followed by a legal determination of priority of invention under 35 U.S.C. §§ 102(g) and 135. (At page 5 of the Petition, Miller also incorrectly says that "[t]he Board held that one of the documents alone made claim 38 . . . obvious." The Board did not make any determinations as to obviousness.) Second, the Board's initial determination to which Miller refers (and the holdings referenced elsewhere in the Petition as "correct", *see e.g.* pages 5 and 15 of the Petition), were incorrect. The May 14, 2007, decision of the Federal Circuit (487 F.3d 862, App. 1-17) and the July 11, 2007, judgment of the Board on remand (Opp. App. 1a-3a) govern further proceedings until vacated or reversed. 35 U.S.C. § 144. It is therefore error to say that the reversed and superseded August 25, 2005, decision was "correct".

[18] At page 11 of the Petition, Miller says that "Apparently, the Federal Circuit believes that *KSR* does not apply to APJs . . . ." There is no basis for such a conclusion. This case is not about obviousness, but about priority of invention and alleged derivation from particular communications. (The word "obvious" does not even appear in the Federal Circuit opinion here.) This case does not exempt APJs from any holding in *KSR*. Furthermore, *KSR* was decided two weeks before the Federal Circuit decision in *Brand v. Miller*, and *certiorari* was granted in *KSR* more than four months before Miller filed his brief in the Federal Circuit. If Miller thought that *KSR* was relevant to the decision to be made by the Federal Circuit in *Brand v. Miller*, Miller could have and should have brought *KSR* to the attention of the Federal Circuit, and explained its relevance. FED. R. APP. P. 28(j). Miller did not do so.

[19] At page 13, note 10, of the Petition, Miller misleadingly says that "If district courts are required to use their common sense in a
(Cont'd)

evidence of record, factfinding by the Board in contested cases must be based on the evidence, rather than the expertise the APJs.[20] 487 F.3d at 869, App. 12.[21]

(Cont'd)
contested case to decide whether a patent claim is obvious, APJs should also be allowed to use their common sense in a contested case to do the same thing." This case is does not involve APJs using (or not using) their common sense to decide whether a patent claim is obvious. It involves APJs substituting their own expertise for record evidence to make a faulty factual determination regarding communication, and reaching a faulty legal conclusion regarding derivation based on the faulty factual determination.

[20] At page 13 of the Petition, Miller says the Federal Circuit attempted to distinguish *KSR*. Miller did not refer to *KSR* in any paper filed in the Federal Circuit, and this case is not about obviousness. There was no reason for the Federal Circuit to consider *KSR* in deciding the present case.

[21] At pages 12-13 of the Petition, Miller says that "the Federal Circuit held that, when the APJs are acting as factfinders in an interference, they may not use their common sense to decide whether a single reference or multiple references make a patent claim obvious." The Federal Circuit held no such thing. This case is not concerned with single or multiple references, but rather sketches; and is not concerned with a legal conclusion of obviousness, but rather the process by which the Board made a factual determination of whether the sketches were an enabling disclosure of the invention. At pages 14 and 15 of the Petition, Miller says the APJs were only applying their own common sense, not relying on their own assumed expertise. On the contrary, they were elevating their judgment over the evidence of record. If they did so without thinking that they had the expertise to do so, their action is even more objectionable.

Moreover, the Federal Circuit did not hold that APJs in an interference may not use their common sense; but rather that *if there is relevant record evidence*, it is impermissible for the Board
(Cont'd)

At page 4 of the petition, Miller says that "The Federal Circuit went on to establish [a] rigid rule . . . ." and "*KSR* explicitly rejected rigid rules such as the one the Federal Circuit applied here . . . ." These are both incorrect. This Court in *KSR* rejected "the rigid approach of the Court of Appeals" in the *KSR* case, 127 S. Ct. at 1739, and "[r]igid preventative rules that deny factfinders recourse to common sense", in the context of an obviousness determination, and when there was no evidence presented on the point in issue, 127 S. Ct. at 1742. The Federal Circuit in this case merely determined what the APA required, and told the Board, in the context of a priority determination in which evidence was presented on the point in issue, to make factual determinations based on the evidence, rather than to substitute its own assumed expertise.[22]

At page 4 of the petition, Miller says that the Federal Circuit ignored *KSR*. This is incorrect. The Federal Circuit has applied *KSR* in appropriate cases. *See, e.g., Leapfrog Enterprises Inc. v. Fisher-Price Inc.*, 485 F.3d 1157, 1161, 1163 (Fed. Cir. 2007) ("An obviousness determination is not the result of a rigid formula disassociated from the facts of

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(Cont'd)

to base factual findings on its own expertise instead of the record evidence. 487 F.3d 862 at 864, 869; App. 2, 12. *KSR* dealt with a situation where, apparently, *there was no relevant record evidence* (in the *KSR* case, a "teaching, suggestion or motivation" to combine references in determining whether an invention would have been obvious), in which case triers of fact are instructed to use their common sense to fill in the gaps.

[22] At page 15 of the Petition, Miller says the APJs used the exact method that the Court approved in *KSR*. That is not the case. The APJs disregarded the evidence of record. They made no obviousness determination.

a case. Indeed, the common sense of those skilled in the art demonstrates why some combinations would have been obvious where others would not.", citing *KSR*; district court judgment of obviousness affirmed); *Takeda Chemical Industries Ltd. v. Alphapharm Pty. Ltd.*, 492 F.3d 1350, 1355, 1356-57 (Fed. Cir. 2007); *PharmaStem Therapeutics Inc. v. ViaCell Inc.*, 491 F.3d 1342, 1360, 1364, 1367 (Fed. Cir. 2007) ("a combination of elements 'must do more than yield a predictable result' ", citing *KSR*; "Granting patent protection . . . without real innovation retards progress . . . .", citing *KSR*; district court judgment of nonobviousness reversed); *In re Metoprolol Succinate Patent Litigation*, 494 F.3d 1011, 1017 n. 2, 1020 (Fed. Cir. 2007) (omission of known elements from composition found to be "the product not of innovation but of ordinary skill and common sense.", citing *KSR*; district court's invalidity holding affirmed); *In re ICON Health and Fitness Inc.*, __ F.3d __, __, 83 USPQ2d 1746, 1751, 1752 (Fed. Cir. 2007) ("combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.", citing *KSR*; Board decision holding claims obvious on reexamination affirmed); *In re Trans Texas Holdings Corp.*, __ F.3d __, __, 83 USPQ2d 1835, 1843 (Fed. Cir. 2007) (same).[23]

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[23] The Board has also applied *KSR* in affirming the rejections of patent applications. *See Ex parte Kubin*, 83 USPQ2d 1410 (Bd. Pat. App. & Int. 2007); *Ex parte Smith*, 83 USPQ2d 1509 (Bd. Pat. App. & Int. 2007); and *Ex parte Catan*, 83 USPQ2d 1569 (Bd. Pat. App. & Int. 2007). The PTO has also issued guidelines for determining obviousness in view of *KSR*. *See* Department of Commerce, Patent and Trademark Office, "Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*", 72 F.R. 57526 (October 10, 2007).

The Federal Circuit did not address *KSR* in this case because Miller did not ask it to do so, and because obviousness was not an issue in this case.

At page 4 of the petition, Miller says that the Federal Circuit created a new rigid rule that creates a different standard for APJs than patent examiners and district courts. (Miller also alleges a different standard at page 15.) The Federal Circuit has not created a new rigid rule;[24] it has merely stated that APJs should not let their own beliefs override the evidence in contested cases (in effect interjecting themselves as expert witnesses in the case, and moreover as expert witnesses who were not subject to cross-examination). The Federal Circuit has not "created a . . . rule that creates a different standard for APJs". APJs making obviousness determinations can still use their common sense to fill in gaps in the evidence presented. Patent examiners and district courts finding facts in contested cases in which evidence is presented should still not substitute their own assumed expertise for the evidence of record.

The Federal Circuit did not violate *KSR*.

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[24] At page 13 of the Petition, Miller says that "[T]he Federal Circuit has done exactly what the Court forbade in *KSR*. It has made a *rigid prevent[at]ive rule* that, 'in the context of a contested case, it is impermissible for the Board to base its factual findings on its expertise, rather than the evidence of record.' " The Federal Circuit has *not* done what the Court forbade in *KSR* (or anywhere else). The Federal Circuit determined that Congress, in the APA, determined that in a case such as a contested case in the PTO, in which there is relevant evidence of record, it is impermissible for the Board to base its factual findings on its own expertise, rather than the evidence of record.

C. The Rule Advocated by Miller would Create Chaos in Board Proceedings.

Miller urges that APJs should be encouraged to "use their common sense", even to the extent of elevating their "common sense" over unrebutted evidence presented in a case, regardless of whether the issue is obviousness or communication sufficient to enable. *KSR* did not advocate doing that, but rather, if no evidence is presented as to the "teaching, suggestion or motivation to combine" non-anticipatory references, then factfinders can apply their common sense to decide whether it would have been obvious to combine the references.

At pages 15-16 of the petition, Miller says that in future interferences, APJs will not be able to use their common sense in obviousness determinations. That is not the case. APJs following *Brand v. Miller* will merely not be able to base factual determinations on their own supposed expertise, rather than unrebutted evidence of record. They will, however, be guided by *KSR* and the recently published PTO "Examination Guidelines . . . in View of . . . *KSR* . . . .", 72 FR 57526. In accordance with *KSR*, the Guidelines explain that there is no requirement that patent examiners use the "teaching, suggestion, or motivation" ("TSM") approach in order to make a proper obviousness rejection; and that even if the TSM approach cannot be applied to a claimed invention, that invention may still be found obvious. The Guidelines identify rationales suggested by the Supreme Court in *KSR*. For each rationale, the Guidelines explain the underlying factual findings, and provide guidance about how to reason from the facts to the legal conclusion of obviousness.

Miller is confusing obviousness (governed by 35 U.S.C. § 103) with communication sufficient to enable, so as to support conclusions of derivation and priority (governed by 35 U.S.C. §§ 102(g) and 135). Miller is also confusing using common sense as directed in *KSR* with using alleged "common sense" to override unrebutted evidence presented in a case.

If APJs are encouraged to "use their common sense" to override unrebutted evidence presented in a case, interferences and patentability appeals would be contests to see who could present the most appealing attorney argument, rather than who has the evidence to support their position. Attorneys have produced no evidence to support their case, or who know that the evidence of record does not support their case, would argue on anyway that the Board should "use their common sense", to render judgments contrary to the evidence. Parties who know they cannot win based on the evidence would refuse to concede priority.

The result would be chaos.

CONCLUSION

The Court should deny the petition.

Respectfully submitted,

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APPENDIX — OPINION OF THE UNITED STATES PATENT AND TRADEMARK OFFICE DATED JULY 11, 2007

The opinion in support of the decision being entered today was *not* written for publication and is *not* binding precedent of the Board

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

THOMAS A. MILLER
and DARREL C. PINKSTON

Junior Party
(Patent No. 5,865,232)[1]

v.

ROBERT D. BRAND

Senior Party
(Application 09/377,120)[2]

---

1. Based on Application 08/813,669, filed March 7, 1997. The real party in interest is Miller Veneers, Inc. Accorded the benefit of Provisional Application 60/013035, filed March 8, 1996.

2. Filed August 19, 1999. The real party in interest is Indiana Forge, LLC. Accorded the benefit of Application 09/245,954, filed February 5, 1999; Application 08/752,800, filed November 20, 1996; Application 08/685,207, filed July 23, 1996; and Application 08/455,479, filed May 31, 1995.

Patent Interference No. 105,215

Before MARTIN, LEE and MOORE, *Administrative Patent Judge.*

LEE, *Administrative Patent Judge.*

Judgment — Bd. R. 127

On August 25, 2005, we entered judgment as to the subject matter of the count against senior party ROBERT D. BRAND, and held that senior party ROBERT D. BRAND was not entitled to claim 38 of its involved Application 09/377,120.

The senior party appealed the judgment to the Court of Appeals for the Federal Circuit.

On May 14, 2007, the Court of Appeals for the Federal Circuit reversed and ordered that judgment be entered for senior party ROBERT D. BRAND.

Accordingly, it is

ORDERED that judgment on priority as to the subject matter of Count 1 is herein entered in favor of senior party ROBERT D. BRAND, and against junior party THOMAS A. MILLER and DARREL C. PINKSTON;

FURTHER ORDERED that junior party THOMAS A. MILLER and DARREL C. PINKSTON is not entitled to claim I of its involved Patent No. 5,865,232, and that senior party ROBERT D. BRAND, on this record, is entitled to claim 38 of its involved Application 09/377,120;

FURTHER ORDERED that if there is a settlement agreement, the parties should note the requirements of 35 U.S.C. § 135(c) and Bd. Rule 205; and

FURTHER ORDERED that a copy of this judgment be placed in the respective involved application or patent of the parties.

/s/ John C. Martin
JOHN C. MARTIN
Administrative Patent Judge

BOARD OF PATENT
APPEALS AND
INTERFERENCES

/s/ Jameson Lee
JAMESON LEE
Administrative Patent Judge

/s/ James T. Moore
JAMES T. MOORE
Administrative Patent Judge

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(2)

No. 07-283

FILED
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OFFICE OF THE CLERK
SUPREME COURT, U.S.

IN THE

Supreme Court of the United States

THOMAS A. MILLER, DARREL C. PINKSTON, and MILLER VENEERS, INC.

Petitioners

v.

ROBERT D. BRAND, CAPITAL MACHINE CO., INC., and INDIANA FORGE, LLC,

Respondents.

On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

REPLY TO BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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PARTIES TO THE PROCEEDINGS

In addition to the parties named in the caption, the following parties are respondents in this proceeding:

None

The following parties are affiliated with petitioners in this proceeding:

None

There is no parent corporation or publicly held corporation that has a 10% or greater ownership interest in Miller Veneers, Inc.

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Stuart M. Benjamin and Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 Georgetown L.R. 269 (2007) 9

Petitioners explained in their opening brief that the Federal Circuit uses the wrong evidentiary standard when it hears an appeal from the Board in an interference proceeding and that the Federal Circuit ignored the Court's decision in *KSR Int'l Co. v. Teleflex, Inc.*, 127 S. Ct. 1727 (2007), in deciding this appeal. Respondents never adequately address those two core issues.

I. PRELIMINARY MATTERS

Respondents first argue that the Court should not hear this case because it is not important. Opp. at 3. Respondents point out that, subsequent to the filing of the petition for certiorari, the House of Representatives passed a bill that would end interferences as such. *Id.* at 6. Respondents' argument is wrong for two reasons.

First, it is unclear whether the bill passed by the House will ever become law as neither the Senate nor the President has yet to weigh in on the proposed bill. The fact of the matter is that the imminent demise of patent interferences has been predicted for over seventy years with no such "death" every resulting. Judge Rich (the longest serving judge on the Federal Circuit and its predecessor, the CCPA) often told the story that, in the 1930s, his father (also a patent practitioner) suggested to him that he not practice interference law because that was a dying area of law, soon to be made obsolete by statute. Charles L. Gholz, *First-to-File or First-to-*

Invent?, 82 J. Pat. & TM Off. Soc'y 891, 891 (2000). Thus, the fact that merely one house of Congress has passed a bill limiting interference practice should not be a basis for the Court denying the petition.

Second, Respondents concede that, even under the proposed house bill, "derivation proceedings" will remain. Opp. at 5. This is critically important because, as Respondents repeatedly state, the proceeding below ***was a derivation proceeding***. Thus, this case involves the one area of interference law that would be left untouched if the proposed house bill becomes law.

Respondents further concede that this case raises an issue that may arise nearly one hundred times each year. Opp. at 5. Further, the Federal Circuit recently answered the one question left open below, holding that it would review the Board's decisions in *ex parte* re-examinations under the "substantial evidence" standard. *In re Trans Texas Holdings Corp.*, 498 F.3d 1290, 1300 (Fed. Cir. 2007). Thus, the more general question of what is the appropriate standard of review for *ex parte* proceedings before the Board may arise thousands of times each year.[1]

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[1] Although the Federal Circuit did not address the standard of review to use in appeals from the rejection of claims during examinations, there is no reason to believe that it would use a different standard of review in those cases than it would use for reviewing the rejection of claims during reexaminations.

Respondents also imply that the Court should not take this case because the PTO has "accepted the judgment of the Federal Circuit." Opp. at 10. They base that contention on the fact that, after remand, "the Board entered judgment for Brand [and] ... remanded the Brand Application to the examiner." *Id.* But the PTO was not a party to the proceedings in the Federal Circuit and could not have filed a petition for certiorari. The fact that the PTO merely fulfilled its duty to follow the remand order from the Federal Circuit provides no evidence that it agreed with that remand.

II. STANDARD OF REVIEW

Respondents complain that Petitioners did not raise the standard of review issue below.[2] The Court, however, "permit[s] review of an issue not pressed so long as it has been passed upon." *United States v. Williams*, 504 U.S. 36, 41 (1992). Here,

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[2] Respondents note that *Gartside* addressed the exact issue raised here; namely, what is the appropriate standard of review when reviewing decisions of the Board. Thus, under the binding precedent of the Federal Circuit, the subsequent panel was required to follow *Gartside*. *See Tate Access Floors, Inc. v. Interface Architectural Res., Inc.*, 279 F.3d 1357, 1366 (Fed. Cir. 2002). Although Petitioners could have requested the Federal Circuit to hear the case *en banc* in the first instance to overrule *Gartside*, such requests are seldom granted. Furthermore, as the prevailing party below, Petitioner would have been happy with a FRAP 36(a)(2) affirmance.

Respondents admit that "the Federal Circuit analyzed the question of the proper evidentiary standard to use." Opp. at 13. Accordingly, because the Federal Circuit directly addressed the issue raised by the certiorari petition, that issue is properly before the Court.

Petitioners explained that the proceedings before the Board should be reviewed under the arbitrary or capricious standard, not the substantial evidence standard. Respondents do not directly contest that point. Instead, Respondents argue that the Federal Circuit's holding below is correct because it "is in accordance with *Gartside*." Opp. at 14 n.11. Respondents miss the point. Petitioners concede that the decision below complies with *Gartside*, but assert that *Gartside* was incorrectly decided.[3]

A. There is a Circuit Split Between the Federal Circuit and Most Other Circuits, Which Use the Arbitrary or Capricious Standard

The main argument that Respondents raise is that

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[3] Respondents argue that the Federal Circuit's use of substantial evidence review is not "a 'rigid rule' forbidding the use of 'common sense.'" Opp. at 14. Petitioners never claimed otherwise. Instead, Petitioners explained that the Federal Circuit's refusal to allow APJs to use their common sense (*see infra* Section III) is a rigid rule that violates *KSR*. Pet. at 13.

> [there is] no circuit split between circuits following *Ass'n of Data Processing Serv. Orgs., Inc. v. Bd. of Governors of Fed. Reserve Sys.*, 745 F.2d 677 (D.C. Cir. 1984) (Scalia, J.) and the Federal Circuit following *In re Gartside*, 203 F.3d 1305 (Fed. Cir. 2000) ... since both *Gartside* and the opinion here ... follow *Data Processing* and quote it.

Opp. at 2. Respondents are half right. Both *Gartside* and the opinion here ***quote*** *Data Processing*. But ***neither*** *Gartside* nor the opinion here ***follows*** *Data Processing* in relevant part. Here, the Federal Circuit quoted *Data Processing* merely for the statement that "the factual support must be found in the closed record." App. at 10. Similarly, in *Gartside*, the Federal Circuit quoted *Data Processing* for the same proposition, along with the proposition "that the 'arbitrary, capricious' standard is ... the default [standard]." *Gartside*, 203 F.3d at 1312-13, 1315.

Although both cases quote from *Data Processing*, neither *Gartside* nor the opinion here follows its ***holding***. *Data Processing* held that the proper standard for review for factual findings under the APA is the arbitrary or capricious standard. *Data Processing*, 745 F.2d at 686. It is true, however, that *Data Processing* states that the "substantial evidence" standard is also appropriate,

id., but that was due to its finding that the "substantial evidence" and the "arbitrary or capricious" standard are one and the same. *Id.* The Federal Circuit, on the other hand, explicitly stated in *Gartside* and again here that it believes that the "substantial evidence" standard provides less deference to the agency than the "arbitrary or capricious" standard. *See Gartside*, 203 F.3d at 1312 ("[T]he 'arbitrary, capricious' standard of review is highly deferential ... [and] is generally considered to be the most deferential of the APA standards of review. ... On the other hand, the 'substantial evidence' standard ... is considered to be a less deferential review standard than 'arbitrary, capricious.'"). The split between the Federal Circuit and the circuits that follow *Data Processing*'s holding could not be more clear.[4]

The only way Respondents can distinguish between the cases cited in the Petition is by devising a rule that only applies to the Federal Circuit so that they can ignore all the cases from other circuits. The "rule" Respondents put forth is that: "If the case is subject to 35 USC § 6(b) and 35 USC § 144, circuit court review of factual findings is under the 'substantial evidence' standard." But 35 USC § 6(b)

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[4] In addition to the circuits listed in the petition, the Fourth, and Ninth circuits also follow *Data Processing*. *See GTE South, Inc. v. Morrison*, 199 F.3d 733, 745 (4th Cir. 1999); *Wileman Bros. & Elliott v. Espy*, 58 F.3d 1367, 1374-75 (9th Cir. 1995).

only applies to the Board; ***all appeals*** from the Board must go to the Federal Circuit.[5] 35 USC § 144. Of course there is not going to be a circuit split if a "rule" is limited to a single circuit. But Respondents have failed to explain why there should be one rule regarding APA standard of review that only applies to the Federal Circuit, while almost every other circuit uses a different "rule" regarding the APA standard of review.[6]

B. Board Proceedings Are Not Formal Hearings

Respondents attempt to build up interference proceedings to make them appear to be formal proceedings. Opp. at 4-5. But the APA defines a "formal proceeding" as one in which "a party is entitled to present his case or defense by oral ...

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[5] While district courts may hear new evidence and review decisions of the Board under 35 USC §§ 145, 146, those proceedings are not appeals.

[6] In passing, Respondents discuss *CAE, Inc. v. Clean Air Engineering, Inc.*, 267 F.3d 660 (7th Cir. 2001). The *CAE* court *sua sponte* addressed the issue of what standard of review to use in reviewing trademark decisions of the TTAB after *Zurko*. *Id.* at 675-76. Considering that neither party briefed the issue and that the district court had not addressed the issue, *id.* at 675, it is not surprising that the panel chose to follow the only circuit court that had addressed the issue of what standard of review to use in reviewing decisions from the PTO after *Zurko*. *Id.* at 675-76. Notably, the Seventh Circuit is not one of the six circuits that have explicitly chosen to follow the decision by (then) Judge Scalia in *Data Processing*.

evidence, ... and to conduct such cross-examination as may be required for a full and true disclosure of the facts." 5 USC § 556(d). No such "entitlement" exists in Board proceedings. Indeed, the Federal Circuit has stated (albeit in *dicta*), that "at no point in the interference proceeding is a party allowed to present live testimony before the Board." *Winner Intern. Royalty Corp. v. Wang*, 202 F.3d 1340, 1347 (Fed. Cir. 2000).

Respondents imply that, "because an appeal is taken on the record before the [Board]," 35 USC § 144, the proceedings are formal. Opp. at 15 n.14. But the Court explained in *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402 (1971), that judicial review virtually always requires "the full administrative record that was before the [agency] at the time [it] made [its] decision." *Id.* at 420. Thus, the fact that a record is made does not make the proceedings before the agency "formal" under the APA. *See id.* at 417.

Respondents also imply that, because 35 USC § 6(b) requires that the interference proceedings be "heard," interference proceedings must be "formal."[7] Opp at 15. But, as Justice Breyer noted at oral argument in *Zurko*, such reasoning is "inconsistent with the longstanding practice of reviewing factfinding in informal rulemakings and informal

[7] Respondents further imply that because interferences are "governed by 5 USC § 706," they are not "informal." Opp. at 5. But what Respondents fail to realize is that 5 USC § 706(2)(A) specifically provides for an "arbitrary or capricious" standard of review.

adjudications under arbitrary or capricious review." Stuart M. Benjamin and Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 Georgetown L.R. 269, 288 (2007) (*citing* Transcript of Oral Argument at *5-*7, *Dickinson v. Zurko*, 527 U.S. 150 (1999) (No. 98-377), available at 1999 WL 190969)). Assuming *arguendo* that "heard" equals "hearing," it does not equate to a "formal hearing" as defined by the APA. Simply put, the proceedings before the Board are not formal hearings because, as explained *supra*, they lack the essential requirements of a "formal" hearing under the APA -- which include, *inter alia*, the ***right*** to present live testimony.

C. "Chaos" Will Not Reign if Board Decisions Are Reviewed Under the Arbitrary or Capricious Standard

Finally, Respondents argue that, if the losing party at the Board requests district court review under 35 USC § 146, "chaos" will ensue if the Federal Circuit is required to review the Board's factual findings under the arbitrary or capricious standard, but review the district court's factual findings under the clearly erroneous standard.

Respondents' argument demonstrates confusion regarding the standard of review. As the Court explained in *Zurko,* 527 U.S. at 162-65, the "clearly erroneous" standard of review is a higher standard of review than ***both*** "substantial evidence"

and "arbitrary or capricious." *See also CAE, Inc.*, 267 F.3d at 676 ("the proper standard of judicial review of findings of fact made by the PTO is not the stricter 'clearly erroneous' standard but rather the slightly more deferential standard of the [APA]"). Thus, the district court's factual findings already receive less deference than the Board's factual findings. Chaos, however, has not resulted. Neither would chaos result if decisions of the Board were reviewed under the "arbitrary or capricious" standard. Indeed, the "chaos will ensue" argument was specifically rejected by the Court in *Zurko*.[8] *See Zurko*, 527 U.S. at 164 (stating that using different standards of review for district courts than for the Board should not be problematic).

III. OBVIOUSNESS

Respondents argue that *KSR* does not apply because this case involves priority of invention, not obviousness.[9] Opp. at 2, 20. Respondents are wrong.

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[8] In any event, the Federal Circuit has already addressed this issue. In *Winner*, the Federal Circuit held that, if the district court hears live testimony when it is reviewing the Board's decision in an action under 35 USC § 146, the district court must make *de novo* factual findings, as well as adopting (or rejecting) the factual findings made by the Board. *Winner*, 202 F.3d at 1347. The Federal Circuit on appeal then reviews all the factual findings from below under the clearly erroneous standard. *Id.* at 1348.

[9] Respondents also briefly complain that Petitioners did not raise *KSR* below. But Respondents concede that *KSR* only issued two weeks before the opinion below was released, and

> ***To invalidate a patent for derivation*** of invention, a party must demonstrate that the named inventor in the patent acquired knowledge of the claimed invention from another, or at least so much of the claimed invention as ***would have made it obvious to one of ordinary skill in the art.***

New England Braiding Co., Inc., v. A.W. Chesterton Co., 970 F.2d 878, 883 (Fed. Cir. 1992) (*citing Agawam Co. v. Jordan*, 74 U.S. (7 Wall.) 583 (1868)) (emphasis added). Thus, contrary to Respondents' assertions, the exact question before both the Board and the Federal Circuit was whether the information that Miller disclosed to Brand "made [the invention] obvious to one of ordinary skill in the art."[10] Consequently, Respondents' claim that "[t]he Federal Circuit was not reviewing an obviousness determination in this case," Opp. at 20, is flatly wrong. As this case ***is*** about the Federal Circuit's review of an obviousness determination, it is a

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less than one month before Respondents filed their petition for rehearing.

[10] Respondents' basically irrelevant contention that sketches are not references is wrong. *See* Opp. at 22 n.21. A reference is anything that may be relied on to invalidate a patent. Indeed, in *Zurko*, "[t]he primary reference [was] the UNIX operating system." *In re Zurko*, 258 F.3d 1379, 1382 (Fed. Cir. 2001).

proper vehicle for the Court to instruct the Federal Circuit on whether *KSR* applies to Board proceedings.

In addition to misstating what the Federal Circuit was reviewing in this case, Respondents also misstate the holding from *KSR*. Contrary to Respondents' assertions, *KSR* is ***not*** limited to "situations where ... there was no relevant record evidence." *Id.* at 23 n.21 (emphasis removed). The Court held in *KSR* that it is proper for judges and patent examiners to use "common sense" to decide whether combining references would have been obvious to one of ordinary skill in the art. *KSR*, 127 S. Ct. at 1742-43. Nowhere did *KSR* say or imply that factfinders could not use common sense if there was relevant record evidence. Indeed, if Respondents' analysis were correct, an applicant could always foreclose an examiner from using common sense by submitting a self-serving affidavit stating that an invention would not have been obvious to one of ordinary skill based on a single or multiple reference (which, in fact, is the exact "evidence" that Respondents submitted to the Board).

Respondents repeatedly contend that the Board did not use its common sense, but rather "base[d] factual findings on its own expertise instead of the record evidence." Opp. Br. at 23 n.21. But Respondents, like the Federal Circuit in its opinion, fail to point to even one specific instance where the

Board actually "based factual findings on its own expertise." Moreover, no such instance exists. Instead, the Board used its common sense and correctly found that the information Miller gave to Brand (as evidenced by the two sketches) would have made the patented invention obvious to one of ordinary skill in the art, such that Brand derived his invention from Miller.[11]

Finally, Respondents are reduced to arguing hyperbole. But, as was true regarding the standard of review question, "chaos" will not result if the Court grants certiorari and overrules the Federal Circuit. The Court should grant the petition for certiorari to determine if it is proper for the APJs to use their common sense to decide whether a given disclosure would have made a claimed invention obvious.

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[11] Respondents' repeated mantra that its evidence was "unrebutted" is simply not true. *See, e.g.*, Opp. at 27. Respondents' evidence ***was*** rebutted by the affidavit of Robert Brand -- whom Respondents allege is the actual inventor. *See* Pet. at 5 n.3

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